As of 11 a.m. ET **DJIA** 10472.41 ▲ 1.49% **FTSE 100** 5355.50 ▲ 1.98% **Nikkei 225** 9497.68 **Closed** **Shanghai Comp.** 3338.66 ▲ 0.92% **Hang Seng** 22771.39 ▲ 1.41% **Sensex** 17180.18 ▲ 0.93% **S&P/ASX 200** 4717.04 ▲ 0.67%

Concerns over AIG's Taiwan deal: a Chinese Trojan Horse?

THE VIEW FROM HONG KONG 19

It's time to put U.S.-India relations back on track

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THE WALL STREET JOURNAL.

VOL. XXXIV NO. 61 (India facsimile VOL. 1 NO. 122) * * ASIA Tuesday, November 24, 2009

DOWJONES A NEWS CORPORATION COMPANY asia.WSJ.com

Gold prices jump to record amid weak dollar, global tensions

Reuters

Gold prices traded near $1,170 an ounce Monday, as the dollar fell and war games in Iran boosted global tensions, which increased the metal's appeal as a safe-haven investment. Above, a goldsmith works on a gold bangle at a workshop Monday in Jammu, India. **Page 24**

China warns banks to meet capital rules

By Denis McMahon

SHANGHAI—China's banking regulator issued a stern warning to banks to strictly comply with capital requirements or face sanctions, the clearest sign yet that Beijing is worried about possible risks building in the country's financial system after a year of blow-out lending.

Banks that fail to comply by the end of the year with capital adequacy requirements—governing the amount of capital they must hold against their loans—could be punished with limits on market access, overseas investments and new branches, the China Banking Regulatory Commission said in a statement on its Web site. Such sanctions already exist, but have rarely been enforced.

New loans in the first half of this year totaled 7.37 trillion yuan ($1.079 trillion), equivalent to half of the country's gross domestic product over the period, as the government turned to bank lending to power its economic stimulus plans.

There are fears that the lending binge could saddle banks with large amounts of nonperforming loans, reversing some of the gains achieved over the past decade of financial reforms aimed at turning China's state banks into commercial lenders better able to manage risk.

Heard on the Street

■ BBVA's faith in China is paying off.....Page 32

The tough statement indicates that Beijing is ready to more actively tighten the credit growth that has been the linchpin of China's economic recovery. Higher capital requirements act as a constraint on lending; some banks would need to raise additional money before they could make more loans.

The capital adequacy requirement was raised to 10% from 8% at the end of last year. At the same time, banks were ordered to set aside credit provisions equivalent to at least 150% of their bad loans. More recently, the CBRC reduced the amount of subordinated bonds—debt that has a lower repayment priority than other claims on an asset, and has higher re-

Please turn to page 18

China's upscale-car optimism

By Norihiko Shirouzu And Patricia Jiayi Ho

Toyota

Toyota used a Guangzhou show to debut the Lexus GX460, an upscale SUV it will sell globally. Car makers are bullish on China's luxury market.

GUANGZHOU, China—The world's auto makers appear ready to declare that luxury is back in China, with **General Motors** Co. and **Toyota Motors** Corp. both unveiling top-of-the-line models at the Guangzhou auto show that opened Monday.

China's car market defied the world-wide economic slump and has grown 38% in the year through October, helped by stimulus measures to boost small-car sales. But demand in the country's once-strong luxury car segment struggled, in part because of slower growth in China's coastal regions, which are heavily dependent on exports that were badly hit by the slowdown.

Now, global auto makers are seeing the old vigor returning, albeit gradually, to China's premium market thanks to the economic recovery.

GM's Cadillac brand and Toyota's Lexus chose this year's Guangzhou auto show for a world premier of one key model each. The Lexus GX460 is the latest version of the brand's GX series sport-utility vehicle. Toyota says the redesigned SUV offers "a unique combination of off-road performance and driving comfort." In short, it is a rugged luxury SUV. Toyota plans to launch the vehicle in China and globally in January.

Cadillac, meantime, has stretched the China-market version of its redesigned SLS sedan to give backseat passengers more room—a key concern in China, where many wealthy owners have chauffeurs. It also is the first GM car in China to offer OnStar navigation and roadside assistance service. Neither GM nor Toyota disclosed pricing for the new models.

An array of other brands, from **Nissan Motor** Co.'s Infiniti to **Daimler** AG's Mercedes-Benz, said they are also adding more models to their increasingly fuller product lines for China.

Demand for luxury goods and cars "will come back," GM China President Kevin Wale said in an interview, after helping unveil the redesigned SLS, a top-end car aimed squarely at China's market.

"The economy is strong

Please turn to page 18

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PAGE TWO

What's News—

* * *

Business & Finance

■ **Metals prices rallied**, defying underlying fundamentals as the unprecedented weight of investment money helped lift the markets to fresh 2009 highs. Gold futures were on track for another record settlement in New York, as the dollar fell and war games in Iran boosted global tensions. **24**

■ **U.S. stocks rose** on housing data, adding to market excitement over a statement from a Fed official that the U.S. should continue buying mortgage-backed securities past the first quarter of 2010. Asian markets also gained. **27**

■ **The euro extended its gains** amid a broad rally in riskier assets, but the currency couldn't push past the $1.50 mark. **27**

■ **OECD economies** emerged from recession in the third quarter, but IMF chief Strauss-Kahn said it is too soon to quit stimulus steps. **3**

■ **U.S. home resales jumped** 10.1% in October to the highest annual rate since February 2007. Prices and inventories declined. **3**

■ **Thailand's economy** showed modest growth in the third quarter as global economic conditions slowly recovered. **4**

■ **Lloyds raised** $14 billion in new debt, most of which can convert to equity in times of stress, marking a major step in the U.K. bank's recapitalization. **25**

■ **J.P. Morgan said** it appointed Linklaters's Asia managing partner Zili Shao as its new China chairman and chief executive. **25**

■ **The first issue of Caijing** following the departure of editor Hu Shuli hit newsstands, with the publisher of China's premier business magazine reaffirming its goal of independent journalism. **20**

■ **GM said it wants** EU governments to help provide $4.9 billion for its Opel unit but will restructure the auto maker without state help if needed. **7**

■ **A unit of Singapore's** Sembcorp Industries and Oman Investment established a joint venture company to build a water-desalination and power plant in Oman. **20**

■ **Ciena agreed to acquire** a division owned by Nortel that develops networking gear used to transmit data and voice traffic for a total of $769 million. **21**

■ **Microsoft and News Corp.** held talks about a partnership that could result in News Corp. removing its newspaper content from Google's search engine while continuing to feature it on Microsoft's online properties. **21**

■ **IPO candidates** and their underwriters expect a busy 2010 after a strong end to 2009. An estimate of 100 turns to a more ambitious estimate of 150. **25**

■ **Taiwan's export orders grew** for the first time in 13 months in October, while rising demand for electronics products helped to ease unemployment. **4**

* * *

World-Wide

■ **Huang Qi**, a veteran Chinese dissident, was sentenced to three years in prison after casting a spotlight on poorly built schools that collapsed during China's massive earthquake last year. He had been charged with illegally possessing state secrets.

■ **Gunmen attacked** a politician's convoy in the southern Philippines, killing at least 21 aides and journalists. **6**

■ **India carried out** its first nighttime test of a medium-range missile. The surface-to-surface Agni-II missile, with a range of up to 2,000 kilometers, can carry both conventional and nuclear warheads weighing up to 1,000 kilograms, an official said.

■ **Bomb attacks and a firefight** killed four U.S. troops in 24 hours in Afghanistan, as NATO and the U.S. consider whether to send more forces.

■ **Iranian President Ahmadinejad** started his trip to Latin America by holding private talks with Brazil's president, who says the world should engage Iran.

Agence France-Presse/Getty Images

Chinese Defense Minister Liang Guanglie, left, speaks with Kim Yong-Chun, vice chairman of North Korea's National Defense Commission, in Pyongyang on Sunday. North Korean media said Monday that the two sides have pledged to strengthen their military alliance.

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Even before the politicians waded in, what one English paper has dubbed the "Hand of Gaul" incident was bound to become a gigantic headache for FIFA.

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Caution urged at OECD recession exit

IMF chief Strauss-Kahn calls conditions vulnerable, tells governments to go slow when dropping stimulus measures

By Paul Hannon And Natasha Brereton

LONDON—New data show the world's developed economies emerged from recession in the third quarter, but International Monetary Fund Managing Director Dominique Strauss-Kahn said further stimulus steps are needed before governments can let down their guard.

In a speech, Mr. Strauss-Kahn said governments should err on the side of caution, "as exiting too early is costlier than exiting too late."

Figures released by the Organization for Economic Cooperation and Development showed economic output in its 30 members in the third period was up 0.8% from the second quarter, although it was 3.3% lower in annual terms.

The OECD said the combined gross domestic product of the 30 members grew for the first time since the 2008 first quarter. The combined GDP of the Group of Seven largest developed economies rose 0.7% from the second quarter, but was also down 3.3% from the third quarter of last year.

OECD members account for 61.3% of world GDP. With large developing economies like China also growing, the third-quarter figures indicate that the world economy has emerged from its deepest recession since World War II.

Mr. Strauss-Kahn said conditions in the global economy remain highly vulnerable and are threatened by undercapitalized banking systems, weak household finances, high unemployment and large public deficits.

He added that designing and communicating plans for fiscal consolidation—cutting budget deficits—should be the top priority, especially for advanced economies, where there is "little sign" of inflationary pressures and monetary policy can afford to stay accommodative for "some time."

"I think it is still too early for a general exit. Exit should instead await a sustained recovery in private demand, as well as entrenched financial stability—a key litmus test," Mr. Strauss-Kahn said.

Separately, at an event in Madrid, European Central Bank President Jean-Claude Trichet said the ECB has a strategy to exit its stimulus measures and urged euro-zone governments to come up with strategies to withdraw their own stimulus programs once the crisis has passed.

"When the appropriate time comes, there should be no concern about the ECB's determination and ability to exit," Mr. Trichet said.

Last week, Mr. Trichet oversaw what was widely seen as the ECB's first step to withdrawing its banking support programs, tightening requirements for asset-backed securities, a class of investment underpinned by income from loans such as credit cards, auto and student loans and mortgages.

Also Monday, data released by Markit research showed that its flash composite purchasing-managers index for the euro zone—a gauge of private-sector activity—rose to a two-year high of 53.7 in November from 53.0 in October.

That reflected a rise to 51.0 in the manufacturing index from 50.7 in October, while the PMI for the services sector increased to 53.2 from 52.6.

"The November survey suggests that the euro zone continued to expand at a robust pace," said Chris Williamson, chief economist at Markit. "However, we also saw the first signs of growth peaking, with the new orders index falling for the first time since it hit a record low in February."

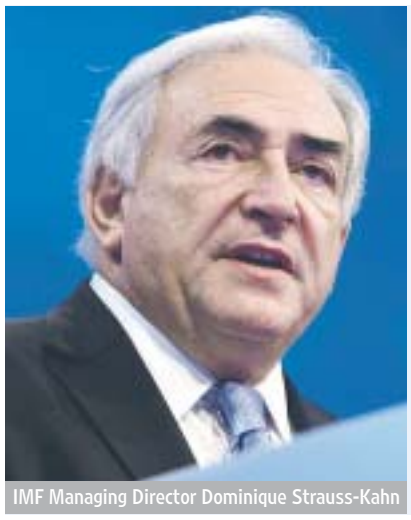
A level above 50 signals an expansion in activity, while a level below 50 signals a contraction.

The smaller-than-forecast manufacturing PMI gain of just 0.3 point, as well as the slower pace of gains across the subsectors, reinforce economists' views that the European Central Bank should keep interest rates at the current accommodative level of 1% well into 2010.

"While the November euro-zone purchasing managers surveys suggest that euro-zone growth in the fourth quarter may well outstrip the 0.4% GDP expansion achieved in the third quarter, there are warning signs within the surveys that the recovery may lack stamina and could well slow early in 2010," said Howard Archer, chief euro-zone and U.K. economist for IHS Global Insight.

"Consequently, there is a compelling case for the ECB to only very gradually withdraw its emergency liquidity measures, and to keep interest rates down at 1% until deep into 2010," he said.

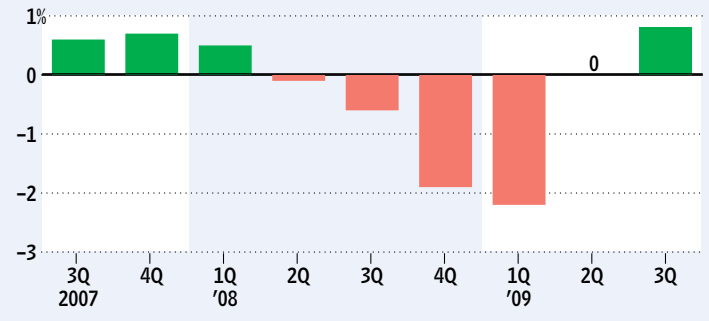
—Ilona Billington and Jonathan House contributed to this article



IMF Managing Director Dominique Strauss-Kahn

End of recession

Developed economies expanded in the third quarter for the first time since early 2008. OECD's gross domestic product, quarterly percentage change



Source: Organization for Economic Cooperation and Development; photo: Bloomberg News

U.S. home resales surged in October

By Jeff Bater

WASHINGTON—U.S. home resales jumped in October, rising more than expected and helping to fuel a rally in stocks.

Sales of existing homes increased 10.1% to a 6.10 million annual rate from 5.54 million in September, the National Association of Realtors said Monday.

Inventories kept shrinking. Prices fell, but the NAR said the decline was the smallest in more than a year.

The 6.10 million rate was the highest since February 2007. Economists surveyed by Dow Jones Newswires expected a 2.3% increase in sales during October, to a rate of 5.70 million.

"Many buyers have been rushing to beat the deadline for the first-time buyer tax credit," NAR economist Lawrence Yun said.

Early afternoon in New York, the Dow Jones Industrial Average was up 137.47 points, or 1.3%, at 10455.63.

September existing-home sales rose 8.8% to 5.54 million; the NAR originally reported sales for that month jumped 9.4%, to 5.57 million.

The October surge in sales follows a disappointing housing-sector report last week showing U.S. construction tumbled in October to the lowest point in six months. A reason for the drop might have involved uncertainty over a government tax incentive for home buyers that had been due to lapse in November. Congress extended the tax credit earlier this month through April, a move that is expected to boost sales and construction into the new year.

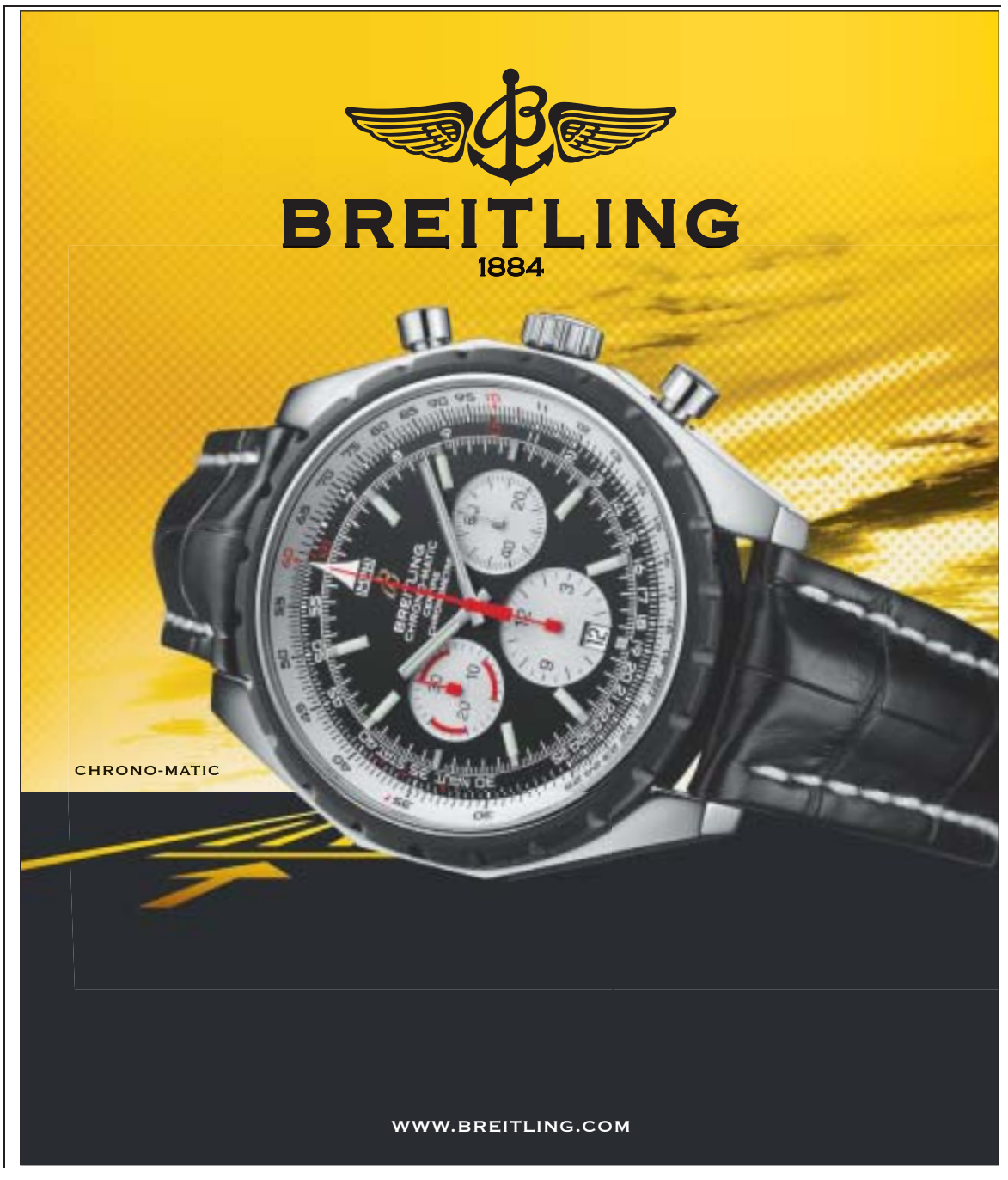
Associated Press

A 'sold' sign is posted outside a home in Springfield, Ill., in August.

"There is still a large pent-up demand that can be tapped before the tax credit expires," Mr. Yun said.

Aside from the tax credit, low prices and mortgage rates have drawn in buyers. The average 30-year mortgage rate was 4.95% in October, down from 5.06% in September, Freddie Mac data showed. The NAR reported the median price for an existing home last month was $173,100, down 7.1% from $186,400 in October 2008.

Inventories of previously owned homes decreased by 3.7% at the end of October to 3.57 million available for sale. That represented a seven-month supply at the current sales pace, compared with an eight-month supply in September.



Thailand growth seen

Slow recovery at home and overseas spur forecast of rebound in 2010

By P. Setthasiriphaiboon And Oranan Paweewun

BANGKOK—Thailand's economy showed modest growth in the third quarter as economic conditions at home and overseas slowly recovered, stoking enough confidence for the government to forecast a rebound in growth in 2010.

In the July to September period, gross domestic product grew 1.3% in seasonally adjusted terms from the previous quarter compared with a revised expansion of 2.2% in the second quarter.

The board's secretary-general, Ampon Kittiampon, said that indicators have started to show signs of improvement as capacity utilization has risen, tourism numbers have improved, and unemployment has fallen to around 450,000 from 747,000 earlier this year.

He said GDP should contract no more than 3% in 2009, and grow 3% to 4% in 2010.

"Continuity in the government's economic policy is the key for the economic growth next year," Mr. Ampon said.

The Thai economy is expected to continue strengthening throughout the current quarter to expand 2.7% to 3.2% year-to-year, with exports also forecast to show growth thanks to improving conditions, he said.

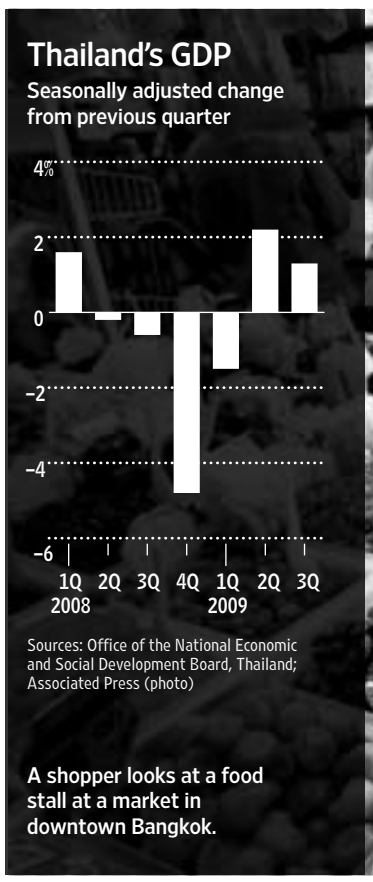
He said exports should grow 10% next year compared with a forecast 13.7% contraction this year, while imports will likely rise by 18% after shrinking a projected 26.1% in 2009.

Inflation will inevitably swing back to positive next year, but the pace will depend largely on the oil-price movement and acceleration of consumption.

"If a pickup in inflation doesn't come from rising consumption, the monetary policy will probably weigh more on the facilitation of economic growth," Mr. Ampon said, adding that the final rate decision rests with the central bank's Monetary Policy Committee. He said inflation is forecast at 2.5% to 3.5% next year.

Thailand is expected to deliver a trade surplus of $21.8 billion this year and $13 billion in 2010.

Mr. Ampon forecast a current-account surplus of $22.3 billion this year, and said it should decline to $14.6 billion next year.



A shopper looks at a food stall at a market in downtown Bangkok.

Taiwan's exports increase

By Crystal Hsu And Charmian Kok

TAIPEI—Taiwan's export orders grew for the first time in 13 months in October, while rising demand for a wide array of electronics products from flat panels to mobile phones helped to ease unemployment on the island, government data showed Monday.

The island's export orders in October increased 4.41% from a year earlier, the first growth since September 2008, the Ministry of Economic Affairs said.

The growth in export orders reversed September's 3% decline, but was slightly below the median forecast by economists for a 4.6% increase.

Export orders totaled $31.75 billion, the highest since September 2008's $31.79 billion, and up from the prior month's $30.84 billion.

"But export orders may slide a bit in November as the peak season for electronics and communication products is about to come to an end," said Huang Ji-shih, director of the ministry's statistics department. Export orders will likely pick up again in December, when companies usually start placing orders for the Lunar New Year, he said.

China and Hong Kong, which together form Taiwan's largest export market, rose 19.6% to $8.06 billion in October, accelerating from September's 9.44% growth.

Orders from the U.S. rose for the first time since August 2008, rising 0.67% to $7.1 billion after declining 10.6% in September. Orders from Europe fell 10.19% to $5.96 billion after falling 13.44% in the previous month.

Orders from Japan rose 6.94% to $3.79 billion, accelerating from September's 3.56% increase.

Taiwan's industrial output in October rose a preliminary 6.56% from a year earlier—the best monthly number after April 2008's 9.98% gain—and a larger increase than the survey's median forecast for a 5.0% rise.

The ministry revised September's industrial output data to a 1.66% increase from the 1.01% gain it disclosed last month. The rise in industrial output also helped the island's job market.

Taiwan's jobless rate fell for the second consecutive month to a four-month low of 5.96% in October from 6.04% in September, due to a decline in the number of first-time job seekers and people who lost temporary or seasonal employment, the Directorate-General of Budget, Accounting and Statistics said. That was the lowest headline jobless number since June's 5.94%.

On a seasonally adjusted basis, Taiwan's jobless rate was 6.04% in October, down from a record 6.09% in September, the directorate said. The overall number of unemployed in October fell by 8,000 from the previous month to 653,000, and the number of employed people in October rose 32,000 from September to 10.31 million, it said.

中国实时报 CHINAREALTIMEREPORT

China Real Time Report **http://blogs.wsj.com/chinarealtime**, *The Wall Street Journal's new online resource for keeping readers in touch with the world's largest country, featured a number of recent posts on U.S. President Barack Obama's visit to China, along with pieces that offer insight and analysis on a range of topics. Excerpts:*

Obama's China Interview Mystery

President Barack Obama's first attempt to speak directly to China's people during his trip was marred by Beijing's failure to broadcast the remarks nationwide as promised. Now his parting words to the Chinese public are the subject of a mystery that has some observers scratching their heads and wondering whether the censors have been at work again.

Southern Weekend, an independent-minded Chinese newspaper based in the city of Guangzhou, on Thursday carried an exclusive interview with Obama that its editor in chief conducted a day earlier at the president's Beijing hotel. It was the only interview Obama did with Chinese media during his China trip.

The White House's decision to invite Southern Weekend to do the interview, on just a day's notice, seems clearly to have been aimed at rewarding one of China's most respected journalistic institutions in a week that was less than a shining moment for Chinese transparency and openness.

But something strange happened on the article's way to some readers. Copies of Thursday's paper were delivered to several foreign news organizations in Beijing without the page that carried the Obama interview. That triggered speculation that the interview might have somehow fallen afoul of China's information-control apparatus, and been yanked.

—Jason Dean

Obama's Umbrella Habits Set a Standard

On his first visit to China, Barack Obama has won hearts and minds with a simple gesture—by carrying his own umbrella.

He had it clasped firmly in his left hand, a large black umbrella protecting him from a downpour as he stepped off Air Force One on arrival in Shanghai.

In a country where officials often have flunkeys to hold their umbrellas, the image of a U.S. president keeping his own head dry was poignant. Xinhua and other Chinese media captured the moment.

"I felt unaccustomed to this—Obama holding the umbrella on his own," said a commentator on the Web site of the Wuhan-based Changjiang Daily. "There was nobody crowding round. The Chinese public puts up with a culture in which government officials have their umbrellas held for them.

Associated Press

President Obama carried his own umbrella as he arrived in Shanghai.

Officials enjoying themselves under an umbrella don't even think they are doing anything wrong."

—Ellen Zhu

On Image, China Did Obama No Favors

There is a good reason why President Obama, one of the world's great communicators, managed to appear inaccessible—almost wooden—on his visit to China.

That's how many Chinese leaders come across, too. The advisers who nurture the public image of top officials in the Chinese politburo weren't about to let their charges be upstaged.

Obama's aides were particularly disappointed that China rebuffed their request to allow his town-hall meeting with students in Shanghai to be broadcast live on national TV. (It ended up playing on Shanghai TV, and Xinhua published a live transcript.)

Beijing media insiders offer a variety of explanations for this outcome, from worries that Obama might upstage Chinese leaders if given an easy platform to shine, to fear over what he might say live on TV.

—Andrew Browne

Dashan's Friendly Face

In his nearly 21 years as perhaps one of the most famous Westerners in China, showman Mark Rowswell says he has seen how the world's largest television audience increasingly prefers foreigners with a friendly attitude.

When Rowswell popped onto the scene in 1988 playing a character dubbed "Dashan," the Chinese audience wanted to see foreigners in the role of the "happy-go-lucky buffoon," he told the Foreign Correspondents Club in Shanghai.

"Now, there's this new stereotype—the friend-of-China stereotype," Rowswell said in response to a question on whether foreigners are intentionally portrayed on Chinese TV as "cuddly" pets not to be taken seriously. He explained that preconceived notions from audiences, directors and journalists are a job hazard in the entertainment industry.

—James T. Areddy

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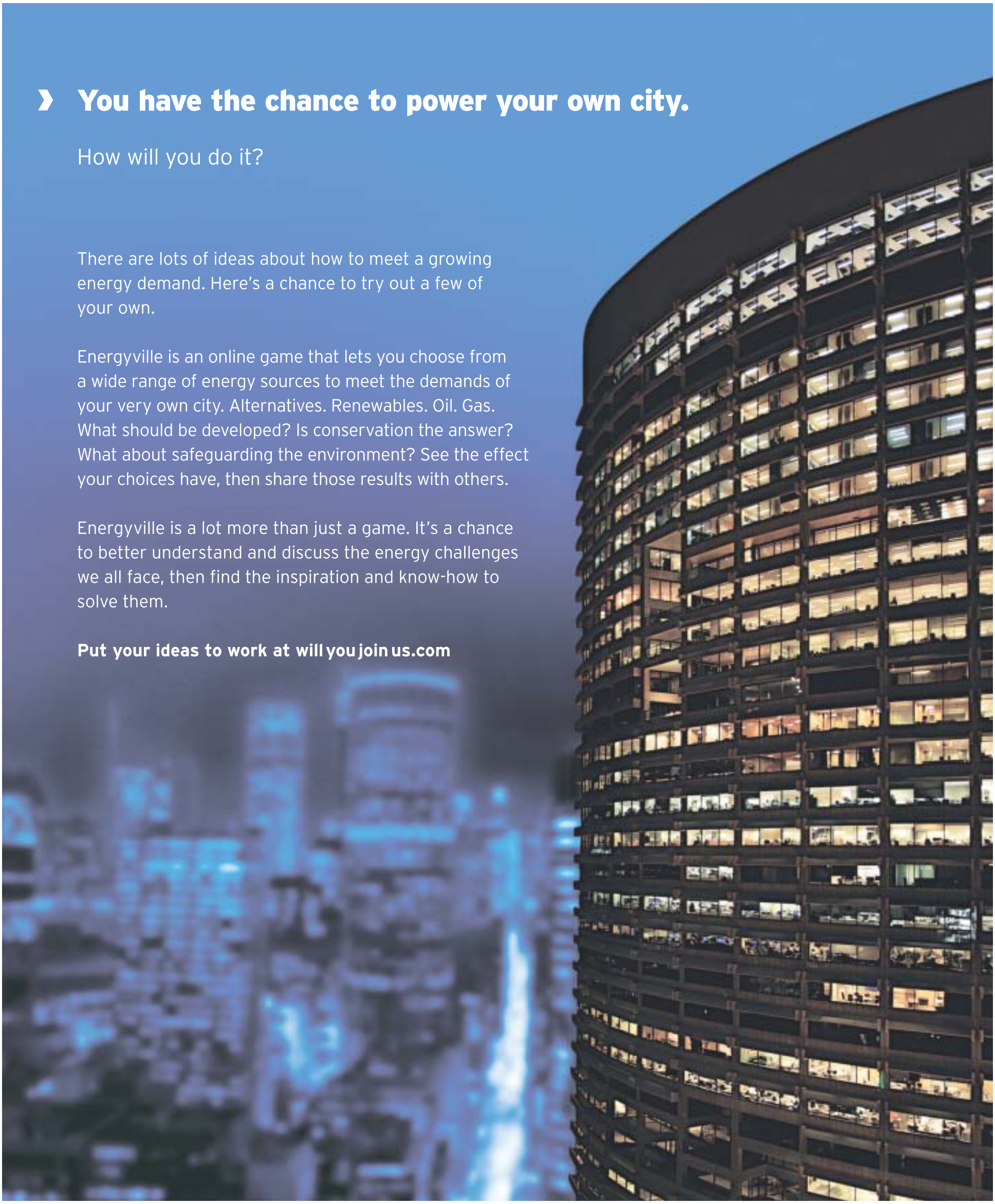

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At least 21 die in Philippines attack

In restive South, gunmen hit aides and journalists en route to file politician's candidacy in Maguindanao province

By James Hookway

Armed men kidnapped and killed at least 21 people in the southern Philippines Monday, carrying out an unprecedented act of violence likely to hang over the country's elections next year.

The midday attack on a convoy of several dozen political supporters and journalists, was an apparent attempt to block the nomination of a local politician planning to run as a provincial governor, the Philippine military said.

The fate of the rest of the convoy—and the identity of their attackers—remained unclear. The army's searches in the area, where the political landscape is dominated by clan disputes, haven't turned up any survivors.

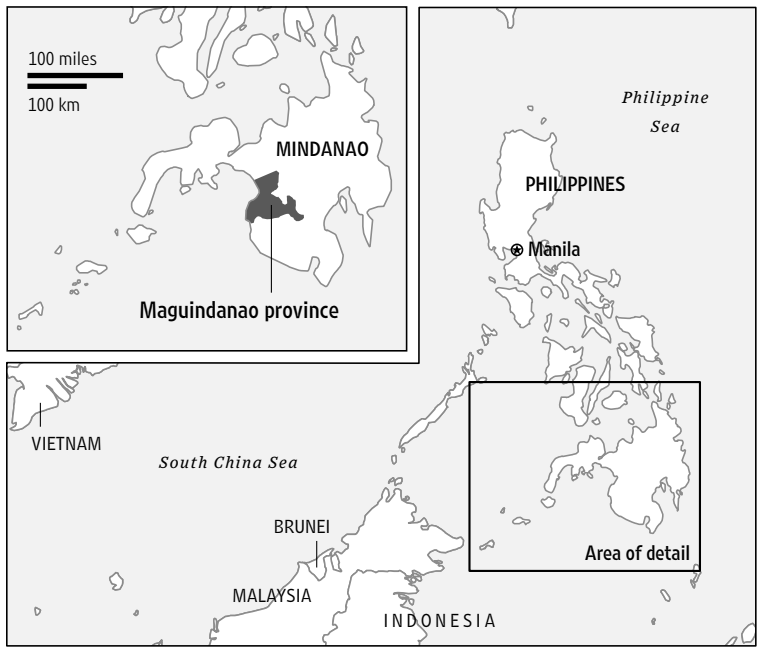
The attack foreshadows what could be a difficult six months for the Philippines as it prepares for presidential and regional elections in May. Election-related violence is commonplace in much of the country, especially in the anarchic south, where Islamist separatists, private armies, chieftains and vigilante groups have long competed for power and influence. An abundance of unlicensed firearms adds to the danger, as does the presence of al-Qaeda backed terrorist groups such as Abu Sayyaf and Jemaah Islamiyah.

Monday's killings bear the hallmarks of a political act rather than terrorism—and, like much political violence in the country, probably have local origins and little to do with the national contest to find a successor to President Gloria Macapagal Arroyo, political analysts said.

Army spokesman Lieutenant Colonel Romeo Brawner told local media that about 40 people traveling in a three-van convoy were abducted by about 100 gunmen while en route to file the election nomination papers of Ismael Mangudadatu, a local vice-mayor in the region. Mr. Mangudadatu had said he was planning to contest the governorship of Maguindanao province against the family of Andal Ampatuan, a previous governor and a powerful clan leader in the region.

Soldiers found 21 bodies, in the area including those of Mr. Mangundadatu's wife, Genalyn Tiamzon-Mangudadatu and several journalists and lawyers traveling with the group. Thirteen of the 21 dead were women, Lt. Col. Brawner said, noting there were signs that some recovered bodies had been mutilated. He added that he feared more bodies would be found.

The Philippines' National Union of Journalists said at least 10 local reporters were part of the Mangudadatu convoy to cover the election nomination and were presumed dead.



"Never in the history of journalism have the news media suffered such a heavy loss of life in one day," the Paris-based media advocacy group Reporters Without Borders said in a statement. "The frenzied violence of thugs working for corrupt politicians has resulted in incomprehensible bloodshed."

The long-running feud between the Mangudadatu and Ampatuan families worsened several months ago when Mr. Mangudadatu declared his intention to run for the governor's job.

Mr. Ampatuan and his aides couldn't be immediately reached for comment, and haven't said anything to the local media.

Mr. Mangudadatu said in a local television interview Monday that he feared being abducted or worse if he registered his candidacy for the gubernatorial post in person, or sent men to do that job.

That was why he sent his wife and other female relatives and aides to do it, Mr. Mangudadatu said, emphasizing that he never imagined anybody would attack them.

In the interview, he said his wife called him on her mobile phone shortly before her abduction to say around 100 armed men had halted the convoy. "Then her line got cut off," he said.

Philippines President Gloria Macapagal Arroyo said that she had ordered top security officials to oversee the military's efforts to track down the killers.

"No effort will be spared to bring justice to the victims and hold the perpetrators accountable to the full limit of the law," Ms. Arroyo said in a statement read by her press secretary, Cerge Remonde.

Registration began last week for national and local elections in May.

More than 17,800 positions will be contested, including half of the Philippines' congressional seats, as well as the presidency. Term limits prevent President Arroyo from seeking re-election after what will be more than nine years in power.

One presidential candidate, Senator Benigno Aquino III, the son of late president Corazon Aquino and assassinated democracy leader Benigno Aquino Jr., has said he fears widespread intimidation and violence during the campaign.

—Josephine Cuneta in Manila contributed to this article.

Corporate titans' takes on the economy

The U.S. economic system has been tested to a degree unseen in many years. How has the model fared? And what are the challenges moving forward?

To talk about these and other issues, The Wall Street Journal's Alan Murray sat down with three corporate titans: Rupert Murdoch, chairman and chief executive of **News Corp.**, which owns Dow Jones & Co, publisher of this newspaper; Carlos Slim Helú, who owns a majority stake in **Telefonos de Mexico** S.A.B de C.V.; and Ratan N. Tata, chairman of **Tata Motors** Ltd. and Tata Group, India's largest conglomerate. Here are edited excerpts of that conversation:

Paul Morse for The Wall Street Journal

From left, Rupert Murdoch, Carlos Slim Helú, and Ratan Tata.

ALAN MURRAY: *We've been through the worst year for our economy since the Great Depression. The stock market seems to have decided that it's over and is celebrating a revival. From where you sit, do you see an economy that's reviving?*

RUPERT MURDOCH: Yes, a little. I think that if we can judge it from advertising and the mood, there's a slight revival. I don't really think it's a big one. I think it's an L-shaped revival. You've got a huge number of unemployed here in the U.S. today, and we won't get that cured or those people re-employed until we get the formation of small business on a big scale.

And at the moment, the mood in this country is clearly an anti-business climate, and a real suspicion that we have a president who doesn't believe in the market system. It's not an overstatement to say that perception exists—it may be a wrong one, but it's a very damaging one.

And while you have that—and we know we've got more taxes coming, we know we've got more health charges coming—the small man who's about to risk and start something with some friends, or start a business, and employ 20 or 100 people, is going to sit on his hands and just wait.

MR. MURRAY: *Mr. Slim, when you look at what's happened in the U.S. over the course of the past two years, do you see anything that makes you question American-style capitalism?*

MR. SLIM: No. And there are many clear things that are happening that are not changing. There will not be a change to the market economy-innovation, technology, trade; globalization is forever. And one of the biggest successes in the world is China; China is having success because they moved to this kind of economy.

MR. MURRAY: *Mr. Tata, India seems to have done comparatively well during this year. Why?*

RATAN TATA: The situation in India has been very different from what it has been in the West. You had a collapse of the financial system, banks holding toxic paper, subprime investments. Due to overregulation, which all of us complain about in India, the banks in India were unable or did not have any of these tainted instruments.

MR. MURRAY: *But do you think it was overregulation, or was it...*

MR. TATA: The banks are overregulated. It has nothing to do with what happened; I'm just saying, as a result, the banks were devoid of these types of instruments.

MR. MURRAY: *If you had a certain amount of money to invest in one part of the world, and your choices were Mexico, India, the U.S., China, right now, looking at the situation that you see out there, which of those four would you choose to invest in, and why?*

MR. SLIM: Latin America. Because we have everything to do. We have to grow the market, most of the people are in poverty, or are not incorporated in the market. You have there the potential market, the potential for growth.

MR. MURRAY: *Mr. Murdoch. Which of those countries would you invest in right now?*

MR. MURDOCH: Oh, number one would be India. As against China, it has a rule of law, it's an infinitely complicated country, but it has a huge advantage over other developing countries, in that there is a rule of law, and it does work.

MR. MURRAY: *China?*

MR. MURDOCH: China, which is remarkable, the wealth there—the disparities of wealth are incredible, incredible. But you never know. You know, if someone doesn't like you somewhere, your partner is in jail on Monday morning or something and you've got no business. For safety, every time India, and for opportunity, India.

MR. MURRAY: *Mr. Tata, which of those countries would you invest in?*

MR. TATA: You know, as an Indian, obviously, I would feel very comfortable about putting the money into India, but if you asked me where I would, in a totally free situation, want to invest, I would still invest in the U.S. I think the U.S. is a country that has repeatedly shown its ability to be entrepreneurial. It has faced several crises from which it has emerged. And I have enormous faith in what the U.S. would do for the investor and for a person looking for opportunities.

WORLD NEWS

GM asks EU governments for Opel aid

Executive, in talks with ministers, commission, says auto maker will restructure unit without state help if needed

BRUSSELS—**General Motors** Co. wants European Union governments to help provide €3.3 billion ($4.91 billion) for its Adam Opel GmbH unit, but will restructure the auto maker without state help if needed, said Nick Reilly, GM's president of international operations.

*By **Peppi Kiviniemi** **Adam Cohen** and **Matthew Dalton***

Mr. Reilly, EU economics ministers and European Commission officials met Monday in Brussels to discuss a restructuring plan for Opel. Mr. Reilly told journalists on the sidelines of the meeting that he presented the ministers a "broad" restructuring plan. He added that more details will be provided when the company talks to Opel workers in the coming days.

GM recently decided to keep Opel after negotiating a sale to Canadian auto-parts company **Magna International** Inc. and Russia's **Sberbank**. Under that deal, Germany, home to Opel's headquarters and four plants, was going provide Opel €4.5 billion in restructuring funds, but German government officials say they are reconsidering this aid now that GM plans to keep the auto maker.

Mr. Reilly said GM, which is currently restructuring operations in the U.S. and other regions, will provide some of the €3.3 billion Opel needs. He said GM's restructuring plans won't be altered by EU states' financial help.

"The plan that we have is already in place and will not be influenced by any particular governments giving particular money," Mr. Reilly said.

In addition to its German plants, Opel has operations in the U.K., Belgium, Spain and Poland. Some of these states are worried that a large German bailout package could pressure the company to lay off workers in other countries.

The prime minister of the Flanders' regional government in Belgium, Kris Peeters, who attended Monday's meeting in Brussels, said these governments have agreed to work together to decide how to help restructure Opel.

Representatives from the five EU governments will meet Dec. 4 to discuss this issue, Mr. Peeters told journalists after Monday's meeting. Until then, "all the member states present agreed that there will be no more individual meetings with GM," he said.

Asked if he thought there would be a race among EU states to give GM subsidies, German Deputy Economy Minister Jochen Homann told journalists: "I have the impression we are avoiding that."

The commission, the EU's executive arm, said it was essential that countries avoid a subsidy race. According to the commission, the EU economy ministers on Monday agreed that they wouldn't make formal aid commitments to GM before holding another meeting to discuss the Opel's restructuring plan.

"It was agreed that any financial support by one or more should be based strictly on objective and economic criteria, and not include non-commercial conditions concerning the location of investments or the geographic distribution of restructuring measures," it said.

The commission added that any government help for Opel must respect the EU rules governing state aid, which are designed to ensure a level playing field for companies across the region.

German politicians, angered by GM's reversal on an Opel sale, are threatening to withhold state aid altogether. Economics Minister Rainer Brüderle suggested over the weekend that Opel may no longer qualify for help, a sentiment that has been echoed by other influential politicians.

That approach has won support among many Germans who blame GM for driving Opel into the ground. But Germany's course may end up costing it the only real leverage it has to protect Opel plants and jobs, creating political difficulties for the government.

EU Industry Commissioner Günter Verheugen described the offers of aid as "alarming" in an interview with Germany's Der Spiegel published over the weekend.

Mr. Verheugen, who called the meeting with EU economic ministers, said there might be some exceptions in which EU regulators could approve state aid but stressed that such assistance "can't be tied to the preservation of jobs."

Mr. Peeters said last week that his Belgian region would provide €500 million in loans and other aid, though only under certain conditions. "This is not a blank check," he said. Opel operates a plant in Antwerp.

After meeting Tuesday with Mr. Reilly, U.K. Business Secretary Peter Mandelson lauded GM's "solid commitment" to its U.K. Vauxhall plants, which are part of Opel, and said the U.K. was prepared to provide support.

GM said its restructuring plan will be "sensitive to the societal impact," but won't be driven by political considerations or aid commitments. "We're basing it on the best economic and industrial criteria in order to put Opel/Vauxhall on the track for future success," said Chris Preuss, a GM spokesman.

"The [German] government didn't calculate that GM might go it alone" with Opel, said Gero Neugebauer, a political scientist at Berlin's Free University. "Now they are boxed in a corner."

—Vanessa Fuhrmanns and Marcus Walker in Berlin contributed to this article.

Bloomberg News; European Pressphoto Agency

Left, workers from GM's Opel unit protest outside a factory in Rüsselsheim, Germany, this month. EU Industry Commissioner Günter Verheugen, right, called Monday's meeting.

Yudhoyono seeks dismissal of officials' charges

Associated Press

JAKARTA—Indonesian President Susilo Bambang Yudhoyono recommended Monday that charges against two antigraft officials be dropped after a government-sanctioned fact-finding team concluded accusations against them were baseless.

Mr. Yudhoyono said he asked the police and attorney general's office to withdraw bribery and blackmail charges against Chandra Hamzah and Bibit Samad Rianto from the Corruption Eradication Commission. Both men have denied any wrongdoing.

Mr. Yudhoyono said the two officials shouldn't face trial so "the image of Indonesia in the eyes of the world improves."

"We must manage to fight corruption seriously," he said, adding he would set up a task force to eradicate what is seen as deep-seated corruption in law-enforcement agencies.

Wiretapped telephone conversations played in an Indonesian court early this month appeared to implicate officials from the police and attorney general's office in a plot against the men. Two officials named in the wiretaps resigned, but have denied wrongdoing.

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WORLD NEWS

Velvet anniversary celebration muted

Czechs are subdued as they mark 20 years since the fall of communism; citizens have lost confidence, some say

By Leos Rousek

PRAGUE—Persistent unemployment and a growing distrust of the political class have taken some of the gloss off the Velvet Revolution that restored democracy to this country 20 years ago.

Celebrations marking the anniversary of the event have been subdued. Polls show most Czechs don't regret the revolution; they just don't like what has happened since then.

On Nov. 27, 1989, waves of Czechoslovak factory workers marched into Prague to join student protesters in a nationwide strike that brought down Communist rule. Three years later, at midnight on Dec. 31, 1992, the peacefully negotiated "velvet divorce" split Czechoslovakia into two countries. A generation later, the Czechs are ruled by an impotent interim government, and they aren't anticipating real change until new elections, set to come by May.

Other post-Communist countries in the region have gone through their own bouts of disillusionment and policy instability. Hungary and Romania have rolled from crisis to crisis.

The Czechs, while largely better off financially, have lost confidence in their leaders, some say.

"Many of today's politicians simply feared that if people saw them, for example, taking part in the rerun of the student march, they would get booed," said Ivan Gabal, a political scientist and public-opinion researcher at the Prague-based GAC agency.

President Václav Klaus, the head of state who participated in the reform movement two decades ago, has been absent from all major public events. His spokesman says he was unable to go out late Tuesday because he was leaving on an overseas trip early Wednesday morning.

Apart from a scattering of privately funded and organized events, there has been a stark absence of officially sanctioned celebration. Parliament has been silent. The Czech people did enjoy a holiday this past Tuesday, created nine years ago, to mark the beginning of the student protests in 1989.

CTK

Agence France-Presse/Getty Images (left); Associated Press

Above, on Nov. 27, 1989, marchers in a general strike in Prague wave banners and Czech flags during the Velvet Revolution that brought the fall of Communist rule. Below, left, supporters of Czech President Václav Klaus are among those gathering last week to commemorate a student march that triggered the protests 20 years ago. Right, former Czech President Václav Havel and singer Joan Baez at a concert marking the anniversary.

"It is true that the current interim government didn't organize celebrations of the Velvet Revolution similar to those held in Berlin," interim-government spokesman Roman Prorok said. The cabinet focused instead on low-key events, he said, including a small conference of historians.

Former President Václav Havel, who played a central role in the protests that brought down the government, said last week that Czech politicians have alienated themselves from the rest of society by focusing on internal squabbles. "Politics is becoming something people are increasingly suspicious of," Mr. Havel said at a conference in Bratislava, which conferred him with honorary citizenship of the Slovak capital.

Unemployment rose to 8.5% in October, from 6% at the end of the two prior years. And, although no recent allegations of improprieties have been proved, the links between business leaders and government draw regular media attention.

Some 66% of 1,270 respondents in a survey conducted by Stem polling agency in mid-October answered positively that the Velvet Revolution "is one of the most important events in the contemporary Czech history." But only 33% agreed that the "20 years since 1989 are among the best in the country's history."

A poll by the Prague-based Median s.r.o. research firm for the Czech CTK news agency this month found that 88% of those polled were dissatisfied with the current political situation. Two-thirds feared political infighting could hurt the Czech Republic's standing in the European Union.

Transparency International, a nongovernmental organization campaigning against corruption, last week published a survey ranking the Czech Republic at 52 out of 180 countries in its 2009 Corruption Perceptions Index. The country fell behind Hungary and Poland for the first time.

"The main perception among the public is that [Czech] political parties are only pretending they compete against each other for power because they all share one main objective: to keep a monopoly control over key public funds," said David Ondracka, Transparency International's Czech country director.

Polish government ratchets down its plans for change

By Marcin Sobczyk

WARSAW—Poland seems content to put its big plans for rapid change on hold for the next few years.

After failing to deliver more privatization revenue, the euro, or simpler business rules in its first two years in power, the right-of-center Polish government now appears to have settled for much less ambitious goals for the rest of its four-year term.

Prime Minister Donald Tusk's government will instead focus on projects it has already started, such as building roads, making the Internet more accessible, and preparing the country for the 2012 European soccer championship, which Poland will co-host with Ukraine.

Some analysts warn that this will keep the country growing beneath its potential for years to come. Witold Orlowski, chief economic adviser at PricewaterhouseCoopers in Poland, says "a lack of reforms aimed at curbing the growth of debt will mean the country will be exposed to very serious risks four to six years from now."

Poland's public debt threatens to breach a vital legal threshold, set by the Polish law, of 55% of the gross domestic product next year. If not contained, it could within the next few years approach a constitutional limit of 60%, invoking spending cuts.

Mr. Tusk's government was able to avoid a currency crisis in February when the zloty neared record lows against the euro. Even though the weaker zloty meant much higher debt payments for the government and for those paying mortgages, it also meant Polish products were priced competitively again, which helped to prevent a recession.

But its privatization program, for example, has come to symbolize the country's sluggish new path. It was supposed to be unveiled by the middle of last year, but wasn't actually announced until August 2009. This year's privatization receipts will be around seven billion zlotys ($2.5 billion), a little more than half of the government's original plan.

Euro adoption, expected in 2012, was also put on hold as the global economic crisis led to Poland's failure to meet the European Union's euro-zone entry criteria. To be sure, no other Eastern European country met the EU's criteria during this time either.

The Tusk cabinet has also failed to draft promised business-law changes despite hundreds of hours of deliberations in parliamentary committees. According to research by lobby group Business Center Club, more than 87% of businesspeople it interviewed haven't seen any effort to cut red tape.

Despite the little progress toward overhauls, Mr. Tusk still enjoys relatively high popularity in opinion polls ahead of next year's presidential election.

According to Krzysztof Rybinski, a partner at Ernst & Young, the political calendar for the next two years discourages the prime minister from initiating any changes that could mean hardships for voters. In particular, he won't want to do anything that would involve cutting spending to reduce debt.

"In the budget bill for next year, there is no sign of reforms," he said.

Pawel Supernak/AFP/Getty Images

Polish Prime Minister Donald Tusk, shown at a news conference last month.

Weighing jobs against the deficit

White House and congressional Democrats differ on how to stimulate employment, suggesting rifts could emerge

By Elizabeth Williamson

WASHINGTON—The White House is lukewarm about proposals by congressional Democrats to introduce broad legislation to create jobs, instead favoring targeted measures that would be less likely to inflate the deficit, administration officials said.

There is as yet no agreement within the White House or in Congress on how to try to curb the U.S. jobless rate. But the differences in opinion suggest that rifts could emerge among Democrats as they wrestle with how to beat back the highest unemployment rate in a generation.

The jobless rate, which hit 10.2% in October, has continued to climb despite the implementation of a $787 billion stimulus package in February.

Democrats' fates in 2010 midterm elections could hinge in part on the success of their efforts to curb unemployment. Recessions historically have cost incumbents in an election year. Heavy losses could threaten Democratic majorities in the House and Senate, and affect the party's chances of passing legislation addressing President Barack Obama's priorities.

Getty Images

Job seekers attend the Long Beach Mega Diversity Career Fair on November 20, 2009 in Long Beach, Calif. There is as yet no agreement within the White House or in the Congress on how to try to curb the U.S. jobless rate.

A survey of economists released Monday by the National Association for Business Economists suggested that a solid recovery in the U.S. economy should ensure that jobs would be created beginning in the second quarter of 2010.

"While the recovery has been jobless so far, that should soon change. Within the next few months, companies should be adding instead of cutting jobs," said NABE President Lynn Reaser.

According to the survey conducted Oct. 24-Nov. 5, the recovery, fueled by rising business investments and a continued increase in stock prices, should be strong enough to bring employment gains from around April 2010.

Still, with more than 7.3 million jobs lost since December 2007, 61% of the panelists don't expect a complete recovery of the previously lost jobs until 2012.

Hamstrung by the nation's $1.4 trillion deficit and his pledge not to raise taxes on the middle-class, Mr. Obama is keen to avoid any measures suggestive of a second, big-ticket stimulus. With about half of the February stimulus spending spoken for, the measure has created about 640,000 jobs, fewer than the number of jobs lost in January alone.

"There is no discussion of a package like a second stimulus, but we are working closely with Congress and consulting with outside experts to determine the right policies and the right steps," said Jennifer Psaki, the White House deputy press secretary.

House Democrats have said they plan to introduce a jobs bill next month. Senate Majority Whip Richard Durbin (D., Ill.) on Sunday told NBC's "Meet the Press" that Senate Democrats were keen to pass the health-overhaul bill as quickly as possible, so they could turn to jobs legislation early in 2010.

Republicans say they would likely reject any sweeping jobs bill. Senate Minority Leader Mitch McConnell (R., Ky.), speaking on CNN's "State of the Union" Sunday, urged Congress to "repeal the balance of the stimulus package" and plow it into deficit reduction, saying it hasn't put enough Americans back to work.

White House Chief of Staff Rahm Emanuel said in an interview that "there are two engines to our economic message, two ways to generate jobs. One is small business, the second is energy." The government could promote hiring in those sectors through expanded tax credits or lending. "It's not about legislation—it's about the economy," he said. *—Luca Di Leo contributed to this article.*

Agency standing pat on stimulus job tally

By Louise Radnofsky

WASHINGTON—The U.S. government agency charged with overseeing the economic-stimulus program says it has no plans to change its claim that the package directly created or saved 640,329.17 jobs through September, despite its own admission and statements from the White House that the number isn't accurate.

Ed Pound, spokesman for the Recovery Accountability and Transparency Board, said that it won't revise the number of jobs posted on its Web site, www.recovery.gov, which is based on quarterly forms filed by tens of thousands of recipients of stimulus money detailing how they spent the money and how many jobs it created or saved. The first forms were filed and released to the public in October.

The Government Accountability Office, the investigative arm of Congress, issued a report last week saying that there were "significant issues to be addressed" in the accuracy of the recipients' forms.

The report said that "many entries merit further attention," noting confusion among recipients about how to count the number of full-time equivalent jobs they had created or saved, as well as more basic problems filling in the dozens of entries on the forms.

In an initial review, The Wall Street Journal found hundreds of reports inflating the job total by at least 20,000 because recipients mistakenly counted college part-time work-study positions, employees who got small pay raises, indirect jobs recipients assumed to have been created as result of their spending and people working on decades-old government contracts as full-time jobs created or saved by the stimulus.

The board says only stimulus recipients can change the reports they file, and that federal agencies are responsible for checking the reports. But last week, in the wake of news reports which suggested that stimulus money had gone to nonexistent congressional districts, the board did correct the details of the districts listed in the forms.

"Unless we find significant errors causing public confusion, we are not planning further corrections," Mr. Pound said Friday.

The GAO report also found that as many as one in four reports had not been reviewed by a federal agency.

Some of the recipients contacted by The Journal said they had tried to correct their reports when they discovered the mistakes, but had been unable to do so after Oct. 29. The recovery board confirmed that recipients won't be able to fix their own reports until it is time to file new reports in the next quarterly reporting period in January.

A White House official said that the administration was talking to the board about ways to update the data after the reports had been filed.

But the administration has also argued that inaccuracies in the data are minor, saying that errors have been found in less than 5% of reports so far and that the number of jobs created or saved could have been undercounted as well as overcounted.

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Playing well with others: Online gaming reaches out

Developers learn lessons from social networking

By Bobby White
And Yukari Iwatani Kane

Online gaming is heading in some tantalizing new directions.

Spurred by the spread of social networking, faster Internet connections and powerful mobile devices, game makers are experimenting with innovations that drastically improve online play.

A new crop of games lets friends cooperate or compete on social-networking sites, or team up online using their gaming consoles. New handheld devices let you pull down games directly from the Internet, instead of having to plug in a cartridge or a disk. And cloud computing, which lets people tap into computing resources over the Web, makes it possible to have feature-rich gaming regardless of where you play or what kind of machine you use.

The upshot is that consumers can play online games wherever they want—whether on their personal computers, mobile phones or consoles—and have access to the widest possible array of game titles.

Here's a look at some of the new games, trends and devices that companies are hoping will reshape online play.

Sony Corp.'s PSP Go plays games that can be downloaded from Sony's online marketplace, including via WiFi.

Pphotographs: Microsoft; Playfish; Sony

TECHNOLOGY

Social games

Facebook Inc. and other networking sites have made social gaming a popular new category. Playfish is one of the most successful developers, with 10 games in its lineup. Its success was recently highlighted by **Electronic Arts** Inc., which acquired the company earlier this month for $400 million.

One of Playfish's most popular games, Restaurant City, which has 15 million monthly active users, allows gamers to join friends to manage a virtual restaurant. Users pick food ingredients, furniture, decorative items and fancy additions like a jukebox or an arcade machine. They can also hire friends as waiters or cooks, as well as trade ingredients with them. The object of the game is to increase your friend network—thereby bolstering the status of your virtual restaurant.

Free multiplayer games

One of the most popular varieties of online games is getting a lot more affordable. In September, a South Korean game publisher, **Nexon** Corp., introduced its Dungeon Fighter game to the North American market. Popular in Asia, the game differs from dozens of other massive multiplayer online games, which require users to pay monthly subscription fees to play. Nexon allows gamers to play free—but makes money by selling in-game items and tools, such as magical weapons, that help players advance to higher levels of the game.

Since it was introduced in Asia in 2005, the game has been a wild success, with more than 10 million South Koreans playing the game since its launch. It also inspired dozens of other online-game publishers to use the same no-subscription strategy.

Still, Nexon executives are unsure if the model will succeed in North America as it has in Asia. Parents of North American teens may not want to use their credit cards to buy $3 blue hairdos for their kids' in-game characters. To hedge its bet, the company has augmented the model to include prepaid cards sold at retail outlets.

Cooperative console games

In 2002, **Microsoft** Corp. introduced an Internet service called Xbox Live for its Xbox game console, making it possible for fans to battle each other inside, say, its popular Halo game.

With the latest version of Xbox Live, introduced last fall, Microsoft wants to expand the reach of its consoles by offering more games that are aimed at the casual player and foster cooperation. While plenty of attention will still be paid to hard-core gamers and their shoot-'em-up games, there will be a growing focus on cultivating cooperation between players interested in less violent fare.

For example, in June Microsoft launched 1 vs. 100, a live quiz show for the gaming community. Every Friday and Saturday in markets in North America and Europe, gamers can sign on and play as a single contestant called "The One," or as one of 100 players called "The Mob" and collaborate on answers. A live studio host tosses out trivia questions and players try to accumulate Microsoft Points, which can be used to buy certain items. About three million gamers have downloaded the game, and according to an Xbox Live spokesman, as many as 100,000 people have signed on to play a single session of the game.

Bazaar: Tokyo

What they're buying at Asia's gadget emporiums

Canon

The place Ishimaru Akiba, Akihabara, Tokyo

T**he good** Canon IXY Digital 930 IS digital camera

The specs This 12.1-megapixel point-and-shoot model features a wide-angle 24mm lens, 5x optical zoom, image stabilization, a touchscreen interface and the capability to record video in high-definition 720p resolution. It's available in four colors, though the salesman said that since its arrival in September, the most popular color by far is purple.

The price Original price 39,980 yen (about $450), on sale at 29,800 yen

The deal Previous attempts at bargaining in Akihabara's tech megastores have gotten Bazaar nothing but dirty looks, so the sale price is likely as good as it's going to get. Outside Japan, this model has a different name: It's the PowerShot SD980 IS in the U.S. and the IXUS 200 IS in Europe. —Miguel Gonzalez Jr.

Games in the cloud

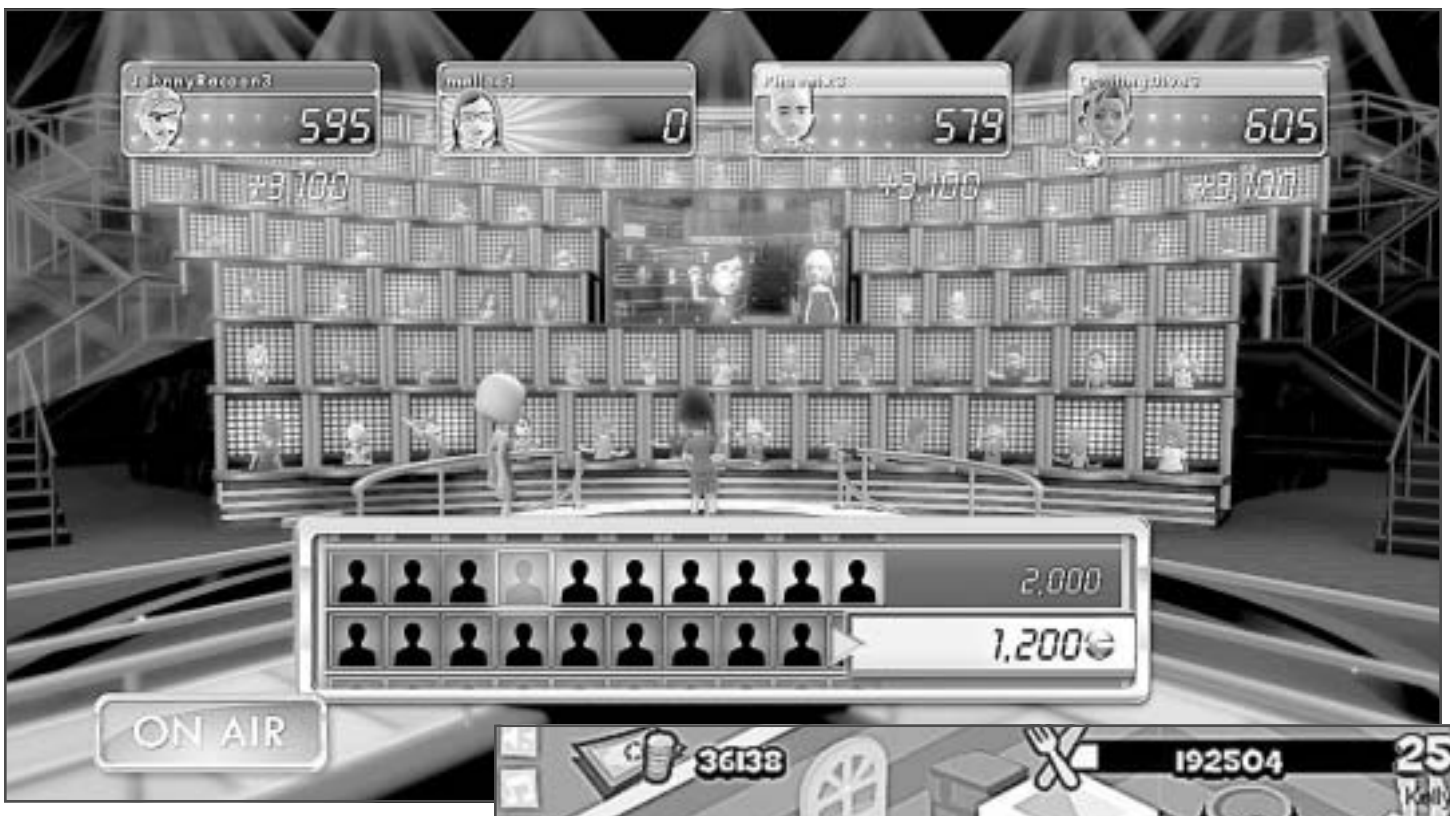
Typically, consumers who wanted to play graphically rich games needed to buy high-end PCs or dedicated gaming consoles. But new technology promises to make a top-notch gaming experience available to users on less powerful PCs or inexpensive set-top boxes that are connected to their televisions. **OnLive** Inc., Palo Alto, Calif., is developing technology that runs games on powerful servers that players can access through their Internet connections. The service, which plans to launch this winter, has signed such top-tier game publishers as Electronic Arts and **Take-Two Interactive Software** Inc. to open their libraries for the games. Pricing hasn't been determined.

Downloading fun

Most hand-held gaming devices require users to buy videogame cartridges or disks. Last month, **Sony** Corp. introduced the PSP Go, a portable device that plays only games that can be downloaded from Sony's online marketplace.

Users can download the games via built-in Wi-Fi, or download them onto a computer and transfer them to the device with a USB cable.

Gamers can choose among 225 titles, including top names such as Sony's racing game Gran Turismo and Electronic Arts' John Madden football game. They can also buy PSP Minis—simple games that run about $10.



Microsoft's 1 vs. 100, a live quiz show for the gaming community.

Restaurant City allows gamers to join friends to manage a virtual restaurant, picking food ingredients, furniture and fancy additions like a jukebox or an arcade machine.

Career Opportunities

CAREERS

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The Mart

ANNOUNCEMENTS

CEA CALIFORNIA EARTHQUAKE AUTHORITY

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The California Earthquake Authority (CEA) is soliciting proposals from Financial Advisors to provide high-level expert advice on financial matters, including the evaluation and execution of debt and risk transfer instruments; and serve as a member of the organization's investment compliance committee. Please refer to the Contracting and Employment Opportunities section of the CEA's website at **www.EarthquakeAuthority.com** for a copy of the RFP, minimum qualifications, and contact information. Responses to this RFP are due by 4:00p.m. Pacific Time on December 18, 2009.

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CAREER JOURNAL

Walt Disney/Everett Collection

Movies such as Oscar-winner "Spirited Away" helped push the anime style onto the global cultural scene.

In Japan, discontent seeps into animation juggernaut

Low pay, long hours and dwindling demand change the plot

By Yuka Hayashi

TOKYO—Anime, Japan's stylized animation that has become hugely popular around the world, helped reshape the country's image as a cultural trend-setter. But behind the scenes, things aren't so rosy.

Japan's animation industry is struggling. Anime workers are unhappy, toiling long hours at low pay. Sales have been declining. On top of that, there is fast-growing competition from across Asia. Studios in China and South Korea now churn out high-quality anime-style programs, helped by cheaper labor and, in some cases, government subsidies.

In a nation once known for its manufactured goods, anime has grown into Japan's most popular cultural export, influencing animation artistry world-wide, with a following among adults as well as children. The anime movie "Spirited Away" won the 2002 Academy Award for best animated feature, and before that the Pokemon franchise was a television staple and box-office success in the U.S., not to mention a trading-card and merchandising frenzy.

A shrinking population of children in Japan has discouraged toy makers, television networks and other traditional sponsors from funding new programs.

That has driven many anime studios—most of which are small shops—toward making animated soft porn and violent movies targeted at adult audiences. At the same time, YouTube and other free Internet services have hurt sales of DVDs. Sales of Japanese-made anime DVDs slid 18% from a year earlier to 72.8 billion yen (about $820 million) in 2008, after peaking at 93.7 billion yen in 2006, according to the Japan Video Software Association, a trade group.

Morale is low. Industry executives estimate nine out of 10 new workers quit within three years, with the many talented employees leaving for better-paying jobs in areas like videogames. A survey conducted this year for industry executives showed that animators in their 20s made just 1.1 million yen ($11,000) a year on average, while those in their 30s earned 2.1 million yen.

Yasuna Tadanaga, 23 years old, left her position as an animator at a small Tokyo studio last year, only six months after landing what she thought was her dream job. To meet deadlines, Ms. Tadanaga worked 13 to 14 hours each day. During one month, she was given just one day off.

"The unspoken understanding was we worked on weekends because we loved the work," Ms. Tadanaga said. "We had to have a very good reason to take a day off."

Most young animators work as freelancers and often lack benefits. Many are paid by the number of sketches they produce, and that price has changed little in three decades.

Rie Otani, 22, grew up watching anime after school and dreamed of becoming an animator. After two years of training at a trade school, she joined**Telecom Animation Film**Co., a Tokyo studio that participated in the production of "Spirited Away."

But like creative professionals starting out in competitive industries elsewhere, she discovered that the job involved more drudgery than glamour.

Her contract position as an entry-level animator requires her to stare at a computer screen for nearly 12 hours a day.

Ms. Otani's goal is 300 sketches a month, and her monthly take-home pay sometimes falls below 100,000 yen.

"I enjoy working with all these people who all love anime," says the tall, pony-tailed Ms. Otani, who draws pictures that connect key sketches to create moving images. "But I make so little money, and I worry if I can ever leave my parents and start on my own."

Even the president of Telecom Animation expresses some dismay about the state of the anime world. "The industry has become decadent and fatigued," says Koji Takeuchi, president of Telecom Animation, which is housed in an aging suburban building above a grocery store. "So many pieces are dark and oppressive, and the message of hope and fun is no longer there."

Mr. Takeuchi says his studio has taken steps to help its young employees, such as providing a more affordable health-insurance plan. He says he also promotes skilled animators to permanent positions.

The Japanese government says it is trying to support the industry, with plans to increase spending on education and training young animators and allocating more funds toward film marketing. But nurturing home-grown talent has become more difficult as Japanese companies increasingly outsource anime drawing to studios in China, South Korea and Vietnam, where labor costs are lower.

Osamu Yamazaki, a 47-year-old director of anime films, worries that moving the production process overseas will diminish Japan's ability to cultivate creative talent.

"People have tremendous power by just being young," he says. "Without young blood, we'll lose our ability to think flexibly and creatively."

WSJ.com

Online today: See a video about the Japanese animation industry at WSJ.com/Video at **WSJ.com.**

No Bondholder Left Behind

"We won't have a real market-based financial system until it is safe to let a financial firm fail," Federal Reserve Chairman Ben Bernanke said last week. He's certainly right, though you wouldn't know it from Mr. Bernanke's own actions the last two years. Meanwhile, the politicians are preparing to give the Fed and Treasury more power to bail out all and sundry companies on an unprecedented scale, and so far without any objection from the Fed chairman.

Reading the pending bills to "resolve" failing financial houses from Representative Barney Frank and Senator Chris Dodd, the challenge is to conceive of someone who is *not* eligible for unlimited taxpayer funds. The list of potential bailout recipients under both bills runs from bank holding companies to hedge funds to auto makers, consumer retail chains and just about anyone else engaging in finance of one kind or another.

* * *

While most scholarly investigations of the too-big-to-fail phenomenon start from the premise that it's a problem, Messrs. Dodd and Frank appear to view it as the cornerstone of our financial system. This may not be surprising given their history. Mr. Frank is famous for saying he wanted to "roll the dice" with Fannie Mae and Freddie Mac.

Less well known is how Mr. Dodd has labored to make Wall Street increasingly eligible for the taxpayer safety net. By raising expectations that bailouts will be available, he has, as much as anyone in Congress, encouraged the risk-taking that took the financial system to the brink.

During consideration of the 1991 Federal Deposit Insurance Corporation Improvement Act, the Connecticut Senator insisted on reducing the quality of collateral Wall Street would need to present when borrowing from the Federal Reserve in times of emergency. Said Mr. Dodd: "My provision allows the Fed more power to provide liquidity, by enabling it to make fully secured loans to securities firms in instances similar to the 1987 stock market crash." He also fought every serious reform of Fannie and Freddie.

> The Dodd-Frank bills for unlimited bailout authority.

In his current bill, Mr. Dodd allows private market participants to receive emergency cash from both the Federal Reserve and the Federal Deposit Insurance Corporation, without the recipient having to enter either bankruptcy or the vaunted "resolution" process we'll describe in a moment.

Under "miscellaneous provisions," Mr. Dodd's bill rewrites a portion of the Federal Deposit Insurance Act and allows cash going to depository institutions—i.e., commercial banks backed by FDIC's insurance fund—to also go to non-depositories in an emergency. We see no limit in the bill on what these nonbanks can be.

Similarly, Mr. Dodd rewrites the Federal Reserve Act's section on "unusual and exigent circumstances." Bailouts could now go to "any program or facility with broad-based participation." Mr. Dodd's "resolutions" do not require that firms be liquidated or wound down. Regulators can pump unlimited funds into failing firms and choose to rescue creditors.

Alabama Republican Richard Shelby warns that these multiple paths for large firms to avoid bankruptcy "will undermine incentives for investors and executives to effectively monitor risks. They will likely take even more risks because they know that they will reap the benefits, while taxpayers will have to cover the costs." He adds that the moral hazard created by the bill "could set the stage for an even more severe and more expensive financial crisis in the future." That sounds exactly right.

Over in the House, Mr. Frank gives the FDIC new power to pump cash into both banks and nonbanks that are neither bankrupt nor under government "resolution." As for that "resolution" process, which Mr. Frank has described as "death panels" for nonbanks, shareholders and unsecured creditors could still recover money. In fact, they might recover a great deal, because the FDIC can make loans or buy equity in a failing company or guarantee its debts, among other assistance.

The FDIC may "take such action as necessary to put the covered financial company in a sound and solvent condition." So the government can do more than just prevent a "disorderly failure." It can pump in so much cash that the business becomes an orderly success. This sounds like a mandate to treat even more companies like Citigroup, which has been rescued despite multiple failures and with little discipline for shareholders or executives, much less for creditors.

Sen. Chris Dodd

To fund these bailouts, large financial companies will pay fees until the government has collected $150 billion. Republican Scott Garrett has been warning House colleagues that Mr. Frank's "death panels" really add up to a "permanent bailout authority" that would expand the power of government and taxpayer rescues to historic highs.

Mr. Dodd decided against writing a bipartisan bill with Mr. Shelby, and it shows. For years, Mr. Shelby warned about Fannie and Freddie and the rise of moral hazard, not to mention government-selected credit-ratings agencies and bank capital standards. One might think these warnings would have inspired Mr. Dodd to seek the Alabamian's counsel after the disasters of 2008. But down in the polls and facing re-election, Mr. Dodd wants to pose as a populist reformer even as his bill would entrench moral hazard (and cheaper funding costs for the likes of Goldman Sachs) even deeper into the financial system.

Still, it's not too late to consider a bipartisan approach. This would start with an appreciation that any resolution authority has to include some rules of the road for regulators, rather than let Mr. Bernanke and the Treasury secretary decide who to bail out and when out of their hip pocket.

It must also include the guarantee of punishment for firms that come looking for help. The first step in discouraging excessive risks is that the risk-takers understand they will suffer the consequences of their bad bets. Former SEC Chairman Richard Breeden proposes a special bankruptcy court, like the FISA court for intelligence, where experienced judges with ample resources could handle large financial cases.

This deserves consideration and debate. We think it has potential as a venue if a behemoth like General Electric, with its large finance business, or even a bank holding company like Goldman Sachs, were ever to fail. The FDIC could seize the bank to protect depositors and the rest of the firm could restructure under bankruptcy protection.

* * *

Barring such a resolution process, the other way to reduce moral hazard is to limit certain kinds of risk-taking by institutions that hold taxpayer-insured deposits, as suggested by former Federal Reserve Chairman Paul Volcker and Bank of England Chairman Mervyn King. This has its own problems. But unlike the emerging plans in Washington, it is credible and would give capitalism a fighting chance to survive regulatory reform.

The Senate's Health-Care Act

As tragedies go, the Senate's Saturday night vote to proceed with a debate on a vast new health-care entitlement wasn't exactly Shakespearean. The outcome was expected but the writing wasn't as good and the acting was more Jon Lovitz than Laurence Olivier. The only real drama was how much publicity and pork the supposedly fence-sitting Democrats could exact in exchange for a vote that everyone knew was a foregone conclusion.

Democrats are at ramming speed, determined to pass this destructive legislation at whatever cost before more voters figure out what is being done to them. The designated role for the "moderates" is to protest and posture enough to claim to have "improved" the bill before they inevitably acquiesce in it becoming law. The play's the thing.

Take Louisiana Democrat Mary Landrieu, who claims to have grave concerns about the bill's cost. Those worries became less pressing when Majority Leader Harry Reid added language on page 432 of the 2,074-page opus that would *raise* the bill's cost by increasing federal Medicaid subsidies for "certain states recovering from a major disaster." Guess which state is the only one that would qualify under that wording?

This political gratuity was quickly reported as costing $100 million, but Senator Landrieu made clear after her floor speech that her vote couldn't be bought that cheaply. "I will correct something. It's not $100 million, it's $300 million, and I'm proud of it and will keep fighting for it," she told reporters.

> The political play is the thing.

Note that Senator Landrieu's price included no substantive change in the $25 billion in Medicaid burdens that this legislation will impose on other states, or any reduction in its huge new tax burden on Louisiana small businesses, or any change in the rationing commission it will establish for Medicare. Mrs. Landrieu was voting to enable all of those provisions to take one more giant step toward enactment.

Senator Landrieu did also say she will not vote for the bill on final passage unless its provision for a public insurance plan would only be imposed with a "trigger" if certain measures of coverage aren't met. But as long as the architecture of a "public option" is included in the bill, it will be triggered sooner rather than later. The bill's new rules and costs for private insurance are so onerous that the public option is bound to be cheaper. This is why Barney Frank says the public option is a stepping stone to a government-run system, and Henry Waxman says the left will build on any form of public option once it is in place. Mrs. Landrieu is merely reciting her political lines.

Then there is Arkansas's Blanche Lincoln, who is up for re-election next year and is doing her best to sound as if she is both for and against the legislation. "We simply cannot ignore the growth in the federal government since the year 2000. I can assure you that the American people have not ignored it," Mrs. Lincoln declared in her Senate floor speech—moments before she said she would vote to proceed with the biggest expansion of government in living memory.

Voters can expect more such faux drama as the debate proceeds on the Senate floor. Nebraska's Ben Nelson will insist on some compromise on abortion coverage, and the National Right to Life Committee will declare a great victory—never mind the rationing the bill will guarantee for the sick and aged. Evan Bayh of Indiana will fight to reduce taxes on medical devices, even as the overall bill guarantees a far higher tax burden on the entire U.S. economy.

Americans shouldn't be fooled by this play-acting. The only way to improve this bill is to defeat it and start over.

Pepper . . . and Salt

THE WALL STREET JOURNAL

"You're nobody in these parts until they've done a PBS special on you."

OPINION

How to Break Up the Banks

By Adrian Blundell-Wignall

The financial crisis that sparked the worst recession in decades is in abeyance, but not yet over. Nonperforming loans and other assets of doubtful quality still weigh on many banks. Financial reform to date has focused on improving capital rules and processes. What has not yet been addressed is the future structure of the global financial system.

Contagion risk and counterparty failure have been the main hallmarks of the crisis. While some large diversified banks that focused mainly on commercial banking survived very well, other smaller and less diversified banks, particularly those focused on mortgages, and financial conglomerates that built on investment banking, the structuring of complex derivatives and proprietary trading as the main drivers of growth, suffered crippling losses. In principle, sound corporate governance and a strong risk-management culture should enable banks to avoid excess leverage and risk taking. But human nature being what it is, there are likely always to be some players eager to push complex products and trading beyond the sensible needs of industry and long-term investors in order to drive profits. Indeed, right now such activity is driving the rapid profit growth of some banks, with little having been learned from the past.

As the system will always be hostage to the "gung-ho" few, the question is whether there is a better way to structure large conglomerates in order to isolate commercial banking functions from such high-risk activities. In discussions at the OECD, we have been reviewing possible options. One proposal, which we now submit for consideration, is that banking and financial service groups could be structured under a variant of non-operating holding companies (NOHCs), in all countries.

Under such a structure, the parent would be non-operating, raising capital on the stock exchange and investing it transparently and without any double-gearing in its operating subsidiaries—say a bank and a securities firm that would be separate legal entities with their own governance. The subsidiaries would pay dividends through the parent to shareholders out of profits. The nonoperating parent would have no legal basis to shift capital between affiliates in a crisis, and it would not be able to request "special dividends" in order to do so.

These structures allow separation insofar as prudential risk and the use of capital is concerned without the full divestment required under Glass-Steagall or in response to the recently-expressed concerns of Paul Volcker and Mervyn King—such extreme solutions should remain the proper focus of competition authorities. With an NOHC structure, technology platforms and back office functions would still be shared, permitting synergies and economies of scale and scope. Such a transparent structure would make it easier for regulators and market players to see potential weaknesses. Mark-to-market and fair value accounting would affect those affiliates most associated with securities businesses, while longer-term cost amortization would dominate for commercial banking. It would create a tougher, non-subsidized environment for securities firms, but a safer one for investors.

A new proposal for how to isolate commercial banking functions from high-risk activities.

If a securities firm under this structure had access to limited "siloed" capital and could not share with other subsidiaries, and this were clear to the market, this would be priced into the cost of capital and reflected in margins for derivative transactions. The result would likely be smaller securities firms that are more careful in risk-taking than has been the case under the "double gearing" scenarios seen in mixed or universal bank groups.

Finally, if a securities affiliate were to fail under such a structure, the regulator could shut it down without affecting its commercial banking sister firm in a critical way—obviating the need for "living wills." Resolution mechanisms for smaller, legally separate entities would be more credible than those needed in the recent past for large mixed conglomerates—helping to deal with the "too big to fail" issue. To protect consumers, deposit insurance and other guarantees could apply to the bank without being extended to the legally separate securities firm.

The world is still waiting for a full reassessment of what banks do and how they compete. Until now, the implementation of regulatory standards and accounting rules has been eased. Fiscal policy has supported the economy and interest rates are being kept low to support the underlying earnings of banks and their ability to issue new equity in rising markets. This strategy may work in the short term. But it can't go on forever. Sooner or later we will have to exit from the extraordinary measures that have used trillions of taxpayer dollars to save the institutions that took the world economy to the brink of another Great Depression.

The structure of organizations and how they compete will be critical to future stability. Going forward, the aim must be to keep the "credit culture" and the "equity culture" separate so that government implicit and explicit insurance does not extend to cross-subsidizing high-risk market activity, and so that contagion and counterparty risk can be reduced. The right balance must also be struck between sufficient size conducive to diversification and strong competition to meet consumer needs at reasonable costs.

The capital and derivative markets are inherently interconnected globally, so counterparty risk looms large. Under present structures, if one participant fails, everyone is in trouble. We can't let the world go through that turmoil again.

Mr. Blundell-Wignall is deputy director of financial and enterprise affairs at the OECD.

China Goes Treasure Hunting

By Peter Neville-Hadley

Next year Beijing will mark the 150th anniversary of the burning and looting of the Summer Palace by British and French forces. But the city has hit on an odd way to commemorate these events: In preparation, Palace Director Chen Mingjie recently announced that researchers will attempt to catalogue every item looted from the complex and now in museums overseas.

At first sight this might appear to be a purely academic exercise. Mr. Chen says he wants to identify works of art, not repatriate them, but on closer examination the plan has all the makings of a public-relations effort aimed at the Chinese people themselves.

Strident demands for the unconditional surrender of looted works of art are frequently made by Chinese officials. In the Chinese narrative, the destruction and looting of the Summer Palace were simply wanton acts of foreign imperialist greed and oppression, and are repeatedly presented as such in schools and the media. The aim is to show foreigners as united in attempting to invade and oppress China, and the Communist Party as the only bulwark behind which the Chinese people can effectively come together.

In fact, the British and French forces were present in China to obtain ratification of a treaty concluded with the Manchu overlords of China two years earlier, and under arrangements agreed with a Manchu prince, they sent an advance party under flag of truce to arrange details of the signing at a village just east of Beijing. The members of the party were taken prisoner and tortured; 18 died.

The looting and destruction of the Summer Palace was in revenge for this kidnapping and murder. British plenipotentiary Lord Elgin chose to strike directly at the Manchu Qing dynasty, much despised by the Chinese themselves, destroying palaces and art collections, rather than causing further loss of Chinese life. But it is rare for any narrative of 1860 other than the government's own to appear in China. In 2006 when philosophy Professor Yuan Weishi suggested in China Youth Daily's Freezing Point supplement that the destruction was largely the result of Manchu stupidity, he was disciplined, the publication was suspended for "rectification," and its editor, fired.

The idea that Mr. Chen's project is essentially political, conducted to support the narrative "Chinese good, foreigner bad," is reinforced by its essentially impractical nature. Mr. Chen himself has stated that he doesn't know how many looted items there are, the contemporary catalogue of the palace's contents having also been consigned to the flames in 1860. But when announcing the project on October 18 he offered the remarkably detailed "rough calculation" that there are around 1.5 million items in 2,000 museums across 47 countries, which suggests he at least has a target figure. Mr. Chen's office said he was unavailable for comment.

The British Museum has emerged as a particular target: On October 30, state-run weekly magazine Beijing Review named the Museum as the world leader in Summer Palace acquisitions, with a total of 230,000 pieces. But this is in fact 10 times the size of the Museum's total Chinese collection. "And of course," adds Museum spokeswoman Hannah Boulton, "not all of these—or even the majority—come from the Summer Palace. Currently we are trying to estimate the number of objects potentially from that source but it is likely the figure will be quite small."

Problems of identification arise from the fact that few of the Summer Palace objects were unique, and any link to the events of 1860 usually amounts to no more than a statement once made by someone in a chain of sellers who may merely have intended to boost an item's value. Even the most obscure English country houses often have such items, such as the small 16th-18th century hunting lodge called Newark Park now belonging to Britain's National Trust and hidden away in a leafy part of Gloucestershire. Tenant and manager Michael Claydon claims a tapestry there to be of Summer Palace origin.

Reuters

Stolen loot? A Qing dynasty dog head.

"My partner and I bought this in the 1970s directly from the descendants of Robert Bowlby, the Times [of London] correspondent with the Anglo-French expedition who was murdered by the Chinese," Mr. Claydon explains. Bowlby's surviving family purchased the item as a memorial and it remained with them for nearly a century before reaching Newark Park, thus apparently establishing a clear—if anecdotal—link. That the tapestry is actually of Japanese origin does not worry him.

But it seems unlikely that researchers will knock on Mr. Claydon's door or hundreds like it. So far only major institutions such as the British Museum, Paris's Château de Fontainbleu, and New York's Metropolitan Museum of Art have been mentioned. The Bejing Review claimed that "Even with promises of cooperation, it remains unclear whether the British Museum will grant Chinese researchers access to 90 percent of its collection that has remained behind closed doors since China would be entitled to reclaim these looted cultural artifacts" under a 1970 Unesco convention.

This volley has no basis in fact. Although the British Museum has yet to receive any formal request from the Chinese, it has already begun to examine its archive for any documentary evidence that might be helpful, says Ms. Boulton. Although both Britain and China have signed the 1970 convention its terms are not retroactive and offer no entitlement to items acquired before that date. Much of the collection is on permanent display, or appears in regular temporary exhibitions, and delicate materials can be seen by appointment.

China rarely fails to achieve a target it sets publicly, at least by its own account. So whatever the difficulties in confirming provenance, and the widespread distribution of candidate antiquities, Mr. Chen's 1.5 million item cataloguing project will be announced as successful. Indeed, plans for an exhibition in the second half of 2010 and the simultaneous publication of an illustrated catalogue of items overseas have already been announced.

Whatever the results of the research now putatively under way, the message of catalogue, exhibition and press coverage has already been decided: The Communist Party is once again standing up to foreign aggression.

Mr. Neville-Hadley is the author of several books on China, including "Beijing," forthcoming from Data Sinica.

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OPINION

Putting Indo-U.S. Ties Back on Track

By Walter Ladwig and Anit Mukherjee

Since taking office, President Obama has made a point of emphasizing the range of challenges he inherited from his predecessor. Yet the president is squandering one positive inheritance: a robust strategic relationship between India and the United States. Prime Minister Manmohan Singh's official state visit to the U.S. this week presents an opportunity to get things back on track.

India is a diverse and secular democratic state that, despite its imperfections, is politically stable and offers a model for other developing countries. Like China, India started shedding its socialist economic shackles and is now growing at a rapid clip. Since it shares many key security concerns with the U.S—such as the spread of Islamist fundamentalism, preventing the return of the Taliban in Afghanistan, stabilizing Pakistan and preventing the domination of Asia by a resurgent China—India has the potential to become America's most important partner in Asia. Yet, after nine years of rapidly improving ties, there are tangible fears in New Delhi about America's commitment to that partnership.

Washington's intense focus on Afghanistan and Pakistan has provoked worries in New Delhi that the Obama administration is once again linking its relations with India and Pakistan. This risks undoing one of the more successful policies of the Bush administration, which instead dealt with each nation on its own merits. Of course, Washington would be ill-advised to execute an "Af-Pak" strategy without considering India's role: It is the fourth-largest donor to Afghan reconstruction efforts and is viewed as a friendly power by many Afghans. India could also play a central role in any effort to stabilize Pakistan by, among other measures, strengthening the civilian government vis-à-vis its recalcitrant military. Accordingly, India's current dialogue with the separatists in Kashmir, resumed after three years, is a step in the right direction. But making the U.S. relationship with India contingent on progress in Pakistan is problematic because it fails to sufficiently account for America's different interests in the two countries. Historically this policy has held the India-U.S. relationship hostage to events beyond India's borders that New Delhi cannot control.

The Obama administration's approach to Asia has also left New Delhi wondering if Washington still seeks India's emergence as a world leader. In 2005, a senior member of the Bush administration set a policy goal of "help[ing] India become a major world power in the 21st century." Although officials in Washington and New Delhi would never admit it, shared concerns about China played a key role in driving the upswing in Indo-U.S. relations under the previous U.S. administration. In contrast, Mr. Obama's statement in July during Chinese Vice Premier Wang Qishan's visit to Washington that "the relationship between the United States and China will shape the 21st century" has fueled Indian suspicions that Washington seeks a "G-2" arrangement with Beijing as the new arbiter of global affairs. These fears have only been compounded by last week's U.S.-China joint statement that acknowledged a role for China in India-Pakistan bilateral relations. This strongly suggests that India is now viewed as merely as a player in its immediate neighborhood rather than a future power in Asia.

David G. Klein

To ease New Delhi's concerns and put the relationship back on track, the Obama administration first needs to clarify where India fits into both its Asia policy and its broader vision of the world. A statement supporting India's bid for a seat on the United Nations Security Council would send a reassuring signal to New Delhi.

Second, India's status as a strategic priority needs to be translated into concrete policy guidance for the Pentagon, State Department and Commerce Department bureaucracies that manage the day-to-day aspects of the relationship. Much of what was achieved during the previous administration was due to the personal attention paid to the issue by Mr. Bush and other senior members of his administration. Absent that guidance, parts of the U.S. government seem adrift. For instance, cooperation in defense research, co-development and production has been anemic—hindered by mechanical application of U.S. export control laws that fails to reflect the priority of strategic partnership. Mr. Obama could re-assert presidential leadership by issuing a national security directive that would lay out a consistent stance toward India that would guide agencies in forging economic, technological, strategic and social ties with India.

Finally, on the first anniversary of the November 26 Mumbai attacks, the Obama administration should send an unequivocal message on terrorism by supporting India's demand that Pakistan bring the perpetrators of this crime to justice. Islamabad's delay in prosecuting the alleged plotters of these attacks has not only held up the peace process between the two nations but has also prolonged India's national trauma. The attempted compartmentalization of terror groups on the part of U.S. and Pakistan—by differentiating between Pakistani and Afghan Taliban, or between sectarian and Kashmir-focused militants—needs to stop. The U.S. and India must present a united front against all these groups and their benefactors.

When it comes to relations with New Delhi, Mr. Obama's drive to distinguish his approach from that of the Bush administration risks squandering one of the major foreign policy developments of the past decade. Despite some differences, partnership between India and the U.S. has the potential to shape global affairs in many positive ways. It is important to continue the momentum imparted to this relationship by making real gains and helping those in India who advocate for closer bilateral ties. Otherwise the next few years in Indo-U.S. ties will be best defined as a stylistic White House photo-op—lacking in substance and completely irrelevant.

Mr. Ladwig is a doctoral candidate in international relations at Merton College, University of Oxford. Mr. Mukherjee is a doctoral candidate in international relations at the School of Advanced International Studies, Johns Hopkins University.

Speaking of Pakistan

By C. Christine Fair

Pakistan is likely to loom large in the meetings between President Obama and Indian Prime Minister Manmohan Singh this week. Partly that's because Thursday is the first anniversary of the Mumbai hotel attacks that claimed 173 lives, including four Americans—attacks perpetrated by terrorist groups based in Pakistan. More broadly, there is a growing realization that Washington and New Delhi have many common security interests in Pakistan, which is a key country both to U.S. efforts in Afghanistan and to the fight against Islamist terrorism.

The U.S. and India must take steps to deepen their cooperation against South Asian terrorism.

So amid the fanfare of the Obama administration's first state visit, both sides will quietly focus on how they can best protect each other from the terrorist threats emanating from Pakistan. Americans are now more aware than ever of the threats India faces. Before the "11/26" assault, few Americans had ever heard of Lashkar-e-Taiba, a Pakistan-based terrorist group operating largely, but not exclusively, in India. Though the attack was not India's deadliest—that was the 1993 attack on Mumbai's stock exchange—it changed the world's understanding of terrorism in India as real-time television footage streamed into American and European living rooms. It catalyzed discussions in Washington and Delhi about Lashkar-e-Taiba and the danger that group and its fellow travelers pose not just to India but to other countries.

India and the U.S. share a common vision of a stable, democratic, civilian-controlled Pakistan at peace with itself and its neighbors. But they have often disagreed on how best to achieve this end. It is unlikely that Mr. Singh's visit will yield an immediate consensus, but will likely continue to focus on law enforcement and counterintelligence cooperation.

Since 9/11, Delhi has watched warily as Washington enlisted Pakistan's help against al Qaeda by providing conventional military assistance and other allurements such as such as aid for Pakistan's participation on the war on terrorism. In total Pakistan has received more than $15 billion since 9/11. Washington had applied only episodic pressure on Pakistan to shut down militants operating in and against India and the disputed border region of Kashmir. Washington has wanted to encourage Pakistan to fight those militants that it can and will fight, even if Islamabad opposes actions against groups like Lashkar and the Afghan Taliban. And Washington needs Pakistan's support to fight the war in Afghanistan. Washington used to see Lashkar and other "Kashmiri groups" as India's problem, caring about these militant outfits only if they directly threatened U.S. interests. The United States and India have for too long been fighting their own, parallel wars on terror.

The 11/26 attack has changed regional and international dynamics, ultimately to Pakistan's disadvantage. First, Pakistan's inaction toward Lashkar and its front organization Jamaat-ul-Dawa puts to rest any doubt about Pakistan's commitment to retaining the organization as a strategic reserve to do the state's bidding in the region. Pakistan's failure to take meaningful action against Lashkar came to the fore in April 2009 when the organization, with the tacit assent of the government, provided high-visibility assistance to Pakistanis displaced by military action in Swat. It is now obvious, despite Islamabad's recent efforts to pursue the Pakistan Taliban and the sanctuaries it provides to al Qaeda and the Afghan Taliban, that the Pakistan government is part of the problem of international terrorism.

Second, whereas Lashkar was previously a "niche specialty" for counterterrorism experts within the U.S. government, now nearly every policy, law-enforcement, intelligence and military agency has dedicated resources to protect the U.S., its friends and its assets from Lashkar. The Mumbai attack lent increased urgency to deepening U.S.-India cooperation centered on joint law enforcement and counterterrorism concerns. While less "sexy" than military-to-military engagements, this kind of Indo-U.S cooperation is vital to securing both nations against future terrorist threats.

Third, the proximity of Lashkar to Pakistan's intelligence and security services, along with continued revelations about those services' assistance to the Afghan Taliban, remind the U.S. and others that the Pakistan government continues to fight a selective war on terror, preserving those militant groups that serve the state's foreign policy goals. This has forced many analysts and policy makers to acknowledge that Pakistan is unlikely ever to abandon terrorism as a tool of foreign policy even while domestic terrorists tear at the fabric of the state.

India has taken important steps under the leadership of Home Minister Palaniappan Chidambaram, who is keen to make sweeping changes in India's domestic security arrangements. He wants to learn from India's past mistakes and from other countries, including the U.S. This is an opportunity for Washington and Delhi to explore ways to deepen intelligence sharing, to continue developing contacts between local and federal law enforcement agencies, expand government and non-governmental engagement on the nature of the terrorist threat and best practices to counter it, and to deepen the focus on maritime security cooperation to limit the maritime opportunities for a variety of illegal actors.

Mr. Singh's visit reminds us all that while India and the U.S. have come a long way since 2000, there is much work to be done in jointly securing the safety of their citizens from groups like Lashkar-e-Taiba. Whether both states will rally to the challenge remains to be seen.

Ms. Fair is an assistant professor in the security studies program at the Edmund A. Walsh School of Foreign Service at Georgetown University.

IN DEPTH

Deadly labor wars at factories in India hinder country's rise

Unrest serves as reminder Asian giant has far to go before it stands alongside world's other economic powerhouses

Peter Wonacott/The Wall Street Journal

Workers at Indian auto-parts maker Pricol. Its head of human-resources was killed in September following more than two years of labor unrest.

By Peter Wonacott
Coimbatore, India

THIS ANCIENT city has turned itself in recent years into a manufacturing dynamo emblematic of India's economic rebirth. But a homicide case playing out in an auto-parts factory here is raising concerns about whether the Indian industrial miracle is hitting a wall of industrial unrest.

Pricol Ltd., which makes instrument panels for the likes of Toyota Motor Corp. and General Motors Co., was rocked in late September when workers burst into the office of Roy George, its 46-year-old human-resources boss. Angry over a wage freeze, they carried iron rods, witnesses say, and left Mr. George in a pool of blood. Police arrested 50 union members in connection with his death, their lawyer says. Charges haven't been filed.

Battle lines are being drawn in labor actions across India. Factory managers, amid the global economic downturn, want to pare labor costs and remove defiant workers. Unions are attempting to stop them, with slowdowns and strikes that have led at times to bloodshed.

The disputes are fueled by the discontent of workers, many of whom say they haven't partaken of the past decade's prosperity. Their passions are being whipped up, companies say, by labor leaders who want to add members to their unions and win votes for left-leaning political parties. Adding to the tensions are the country's decades-old labor codes, which workers and companies alike say require an overhaul.

"We can't be a capitalist country that has socialist labor laws," says Jayant Davar, president of the Automotive Component Manufacturers Association of India.

The unrest serves as a reminder that India has far to go before it stands alongside the world's other economic powerhouses. With its widening middle class and growing base of rural consumers, India has averaged more than 8% growth for the last half-decade. It is seen as a country that can help lead a global economic recovery.

But first, it must show it can ride out booms and slowdowns alike. The country's manufacturing sector, after growing about 7% annually for the past 16 years, logged 2.4% growth in the 12 months that ended in March. That has pressed manufacturers to make some unpopular cutbacks—spurring labor actions that have slowed production further and suppressed growth.

Strikes at India's manufacturing and service companies rose 48% in 2008 from the year before, India's Ministry of Labor says. This year, labor actions have hit manufacturers from Indian automaker Mahindra & Mahindra Ltd. to Finland's Nokia Corp. and Swiss food giant Nestle SA.

Workers at a unit of Korea's Hyundai Motor Co. staged sit-ins in April and July, demanding recognition of an outside union and reinstatement of suspended workers.

In September, workers at a unit of Japan's Honda Motor Co. tried to prevent a

IN DEPTH

trial of a new assembly line by threatening engineers and executives with shock-absorbers and motorcycle pieces, according to a court documents.

Some confrontations have turned vicious. Last year, the chief executive of Graziano Trasmissioni India Pvt. Ltd., a manufacturing unit of Swiss high-tech group OC Oerlikon Corp., was beaten to death by workers who had been suspended at a plant outside New Delhi.

The impact has been global. A strike that started in late September at Indian supplier Rico Auto Industries Ltd. left Ford Motor Co. without transmission parts, forcing it to halt production temporarily at an Ontario plant that makes Edge sport-utility vehicles and at a Chicago plant that builds Taurus sedans.

The six-week Rico strike spurred GM to idle an SUV-production facility in Delta Township, Mich., for a week and cut one shift for a second week. GM also cut a shift at a transmission factory in Warren, Mich., said a person familiar with the matter.

At Pricol, the standoff that led to Mr. George's killing continues. The company says its pay is generous for the market. It accuses S. Kumarasami, a labor lawyer who organized the Pricol union, of inciting violence and trying to bring the company to a standstill to advance his broader leftwing political agenda.

Mr. Kumarasami, who wasn't among those arrested and represents 20 Pricol workers who remain in custody in the matter, says he doesn't advocate violence. The company risked workers' lives, he says, by choosing to suppress wages. "Economic violence is also violence," he says.

Coimbatore, a colonial-era textile hub in the southern state of Tamil Nadu, expanded in recent decades into a manufacturing center for machine parts and small motors. Dubbed the Manchester of South India, its streets are lined with shops that sell pumps, coils and bearings.

Pricol was founded here in the 1970s by Vijay Mohan, the son of a textile-factory owner, as a maker of moped speedometers. Now its seven plants around India export 50 products—from fuel gauges and clocks to cigarette lighters—to some 40 countries.

As its work force grew, so did its problems.

Pricol, like other Indian manufacturers, is guided by two old labor laws. The country's Industrial Disputes Act of 1947 requires companies to gain government permission before dismissing workers. The Contract Labor Law of 1970, meanwhile, prohibits employers from using temporary workers for long-term jobs. Both aim to encourage companies to protect workers by making them permanent.

Manufacturers have long complained that it can take years to dismiss their permanent employees, leading to bloated work forces and hampering companies' ability to respond quickly to changing business conditions. Executives and industry groups say relaxing the labor laws would allow companies to hire more workers and would attract more manufacturers to India, ultimately underpinning a rise in wages.

"Some of the hardships faced by labor will be lessened if there is greater demand for workers, as would happen in a more flexible market," says Cornell University economics professor Kaushik Basu, who was recently appointed chief economist for India's Ministry of Finance. There are no current efforts to change the laws, officials say.

Union leaders complain that companies are hiring contract workers for longer than the law intends. They say that by using these workers—who are generally paid less and don't draw company pensions—employers undercut permanent employees' leverage in wage negotiations.

"Companies are doing well in India, even during a global recession," says D.L. Sachdev, national secretary for the All India Trade Union Congress, which is backed by the Communist Party of India. "The way they keep their margins safe is to increase the exploitation of the workers."

Pricol

Roy George, human-resources executive at Pricol, who was slain in September.

Mr. Mohan, now 62 years old, says Pricol tried to do right by workers from the beginning—offering employees one cafeteria instead of separate facilities for workers and executives, and adopting equal wages for male and female workers before most other local manufacturers did so. And for 25 years, Mr. Mohan says, it avoided hiring cheaper contract workers.

"People said I was a bloody fool," he says. "I was, in fact, an idealist."

But in 2000, fearful of building a costly permanent work force, Mr. Mohan changed course. Factory contract workers now account for about one-third of the 2,200 people employed at Pricol's three Coimbatore plants, the company says.

By 2007, Pricol's sales had nearly tripled from 2000, to 4.81 billion rupees ($104 million).

Workers grew upset that their wages hadn't seemed to rise along with company sales, says machine operator C. Murali Manoharan. Then a 16-year Pricol veteran, he made about $170 a month at current exchange rates. He says supporting his school-age daughter grew harder as food and education prices rose, and he seethed as executives saved enough from their salaries and bonuses to buy new cars and houses.

"The company's growth was huge," Mr. Manoharan says. "But our wages were still low."

Workers began demanding bigger pay increases. Mr. Mohan resisted, telling workers that raises had already been negotiated by Pricol's existing unions.

In early 2007, workers turned to Mr. Kumarasami. The head of the All India Central Council of Trade Unions in Tamil Nadu's capital, Chennai, Mr. Kumarasami promised Pricol workers he would help secure higher wages for permanent and contract workers alike.

Mr. Kumarasami immediately led a strike at Pricol's three Coimbatore plants. At one point, striking female factory workers doused themselves with kerosene and threatened to light themselves on fire. Mr. Mohan says the threat was a union stunt to wring concessions from the company, which Mr. Kumarasami denies.

With production slumping, Mr. Mohan replaced the striking contract workers with other contract workers, and braced for a battle with Mr. Kumarasami. "He'd thought we'd buckle in a day," says Mr. Mohan. Permanent employees returned to work in June, after striking for 100 days.

In July—when Pricol traditionally announced its wage increases—Mr. Mohan said there would be no raises, citing the work stoppages' impact on production and sales. Soon after, several contract laborers who had been hired during the strike were rounded up by workers and tied to trees outside the factory, say executives and workers.

These disruptions stung. In 2008, as India's automobile market boomed, Pricol's sales remained essentially flat. Net profit fell to half of 2007 levels.

In July 2008, Mr. Mohan again said he couldn't raise wages. The next month, engineers and Pricol executives touring the factory floor were beaten by a group of workers with iron rods, says V. Balaji Chinnappan, a general manager of manufacturing. Several were hospitalized. Mr. Kumarasami said his union discourages violence and blames the flaring tempers on "the intransigence of the management."

Splits developed in Mr. Kumarasami's union. Machinist Mr. Manoharan, then serving as a union leader, said he began to believe a labor settlement wasn't possible with Mr. Kumarasami in the picture. Toward the end of 2008, he says, he started meeting privately with Pricol executives to explore a settlement.

Soon, he recalls, came a telephone call from another worker, who told him: "Join with management and I will beat you."

In March 2009, two men on motorcycles he couldn't identify came to his house and thrashed him with iron rods, breaking his hand. In May, he says, another Pricol worker slashed him from behind with a machete as he waited at a bus station, leaving him unable lift his arm.

"That union achieved nothing," says Mr. Manoharan, who is paid by Pricol though his limp arm has kept him off the job.

Such feelings led some Pricol managers to believe they could work around Mr. Kumarasami. One executive who spearheaded this approach was human-resources manager Mr. George, a native of the southern Kerala state educated at one of India's top management universities.

Hired into a volatile situation in March 2009, the new HR boss tried to bond with workers, executives say, particularly those who had protested wage freezes with work slowdowns, including cardplaying or sleeping during their shifts. He asked to hear grievances and maintained an open-door policy. Attempting to cool tensions among co-workers, the balding father of two organized "bring your kids to work" days.

In the summer, citing flat sales and a rare net loss stemming from the unrest, Mr. Mohan declined to raise pay.

On Saturday, Sept. 19, Pricol handed dismissal notices to more than 40 workers that Mr. Mohan calls "militant" union members.

Pricol calls the dismissals legal and says it warned workers verbally and in writing. Mr. Kumarasami maintains the dismissals are "illegal" and says he is challenging them through the government's Labor Bureau.

The next Monday during lunch break, Pricol's Soundarya Rammurthi says she heard shattering glass and screams. The 30-year-old human-resources executive says she saw two workers with iron rods and "burning eyes" heading into Mr. George's office. She fled the building and called security guards.

Pricol executives say two video cameras—one that would show people entering the building, another near Mr. George's office—were intentionally disabled. A third camera recorded about eight workers fleeing the human-resources building, says Mr. Chinnappan.

Mr. Kumarasami declined to comment about the 20 workers still detained in the matter before charges have been filed. He calls Mr. George "an unfortunate victim," but accuses Pricol of using the murder to destroy his union. He says more than 1,200 Pricol workers remain members.

Mr. Mohan says he's ready to make peace. He has enlisted outside mediators and agreed to their suggestion to unfreeze factory wages. Mr. Kumarasami said this has helped create "a mood to consult" with management on labor issues.

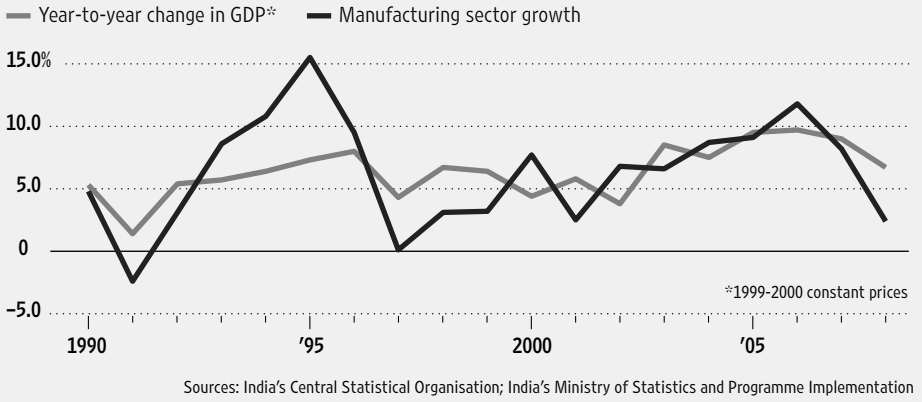
Pricol's output has rebounded. Between shifts, workers amble around a cordoned-off murder site. In Mr. George's vacant office, gashes remain in the walls.

"I don't say that everything is hunky-dory," says Mr. Mohan. "There's an artificial calm."

—Krishna Pokharel in New Delhi and Sharon Terlep in Detroit contributed to this article.

Work slowdown

For India to grow faster, economists say, manufacturing must grow faster than GDP. Instead, it now lags:



Sources: India's Central Statistical Organisation; India's Ministry of Statistics and Programme Implementation

2009: A year of unrest

April, July
Workers strike twice at a unit of South Korea's Hyundai Motors, seeking higher wages, reinstatement of suspended workers.

May 2
At Nestlé's plant in northern India, workers strike to protest the firing of contract workers. After 17 days, Nestlé reinstates suspended workers.

May 4
Workers at a plant of Indian auto maker Mahindra & Mahindra stop work following suspension of their union president. Sides reach wage deal after two weeks.

May 9
Workers at Indian tire maker MRF's factory in southern India stop work, seeking higher wages and union recognition. Strike lasts five months.

July 18
Workers at Bosch Chassis Systems India, an Indian operation of Germany's Bosch Group, strike for more than two months.

Aug. 14
Employees at Nokia's plant in southern India stage a 10-hour strike until the company agrees to discuss their higher wage demands.

Sept. 21
A senior executive at Indian auto-parts manufacturer Pricol in southern India is beaten after trying to mediate labor disputes. He dies a day later.

Oct. 18
Worker at a plant of Indian parts maker Rico Auto Industries dies during six-week labor strike that disrupted production for Ford and GM in U.S.

Oct. 29
Labor unrest hampers production at Honda Motor's major plant in northern India. Three months of go-slow production comes to an end after a wage settlement is reached.

Sources: the companies; published reports

WSJ.com

Online today
See photos from Pricol at **WSJ.com/World**

FROM PAGE ONE

China warns banks to meet capital rules

Continued from first page
turns—that banks could count toward their capital requirements. The move came after it became apparent that banks were using the debt to lend money to one another, raising the risk that a default could ripple through the entire system.

A spokesman for China Construction Bank Corp., one of the country's four biggest state lenders, said the banking regulator "is considering imposing stricter capital requirements for lenders" next year, and the bank is closely monitoring the situation. Hu Changmiao said his bank "isn't yet sure" whether the CBRC will decide to raise its capital requirement and if so, by how much, because the regulator "hasn't issued any written notices."

A CBRC spokesman said there won't be any sudden changes in banks' capital requirements. He denied a media report saying the regulator will require major state-owned banks to have a capital adequacy ratio of 13% from next year.

The spokesman said capital ratios are decided in a "counter-cyclical" way to address "systemic risks," language that indicates Beijing sees these regulatory requirements as one way to cool down a lending boom if it threatens economic stability.

In the past, Chinese authorities have curbed overheated lending by imposing sweeping credit quotas. This time, they appear to be adopting a more market-oriented approach, while being prepared to use ad hoc administrative measures as necessary.

Last week, the regulator issued verbal instructions to a mid-sized Chinese state lender that it must limit outstanding loans for the last two months of the year to its level at the end of October, according to an internal bank memo reviewed by Dow Jones Newswires. The regulator denied issuing such a notice.

No other banks seem to have been similar instructed. But medium-sized banks in particular have had trouble maintaining their required capital levels and remaining within loan-to-deposit limits, having been especially aggressive in using the stimulus boost to grant more loans and expand their market share. Beijing may be tempted to again directly cap their lending, rather than hope these banks will adjust their loan portfolios to meet the requirements.

Ready for more?

Tier-one capital adequacy ratios of some listed Chinese banks

	End of 2008	End of first half, 2009
Bank of China	10.8%	9.4%
Bank of Communications	9.5	8.8
China Citic Bank	12.3	10.0
China Construction Bank	10.2	9.3
China Merchants Bank	6.6	6.5
Industrial & Commercial Bank of China	10.8	10.0
Shanghai Pudong Development Bank	5.0	4.7
Shenzhen Development Bank	5.3	5.1

Note: China banks must have a Tier-one capital adequacy ratio of 7% or more and a total capital adequacy of 10% or above. Tier-one capital is primarily made up of common stock and retained earnings.
Source: Moody's Investor Service

In its statement on Monday, the CBRC said it doesn't plan to impose any controls on the size of bank loans. It also said it aims to promote stable and continued growth in bank lending, and prevent "big swings" in lending.

Lending curbs were last imposed at the end of 2007 to cool an overheating economy. They were lifted in October 2008 as the global financial crisis intensified.

There is little likelihood that loan limits might be rolled out to the entire banking system. Although China is growing faster than any other major economy, a sudden pullback in bank lending could shake the country's recovery.

A greater concern for Beijing is likely to be the fallout in two or three years if banks discover that many of their loans won't be repaid. China's last efforts to rid the financial system of nonperforming loans five years ago cost the country hundreds of billions of dollars, and the experience is still fresh in regulators' minds.

Bank lending has slowed somewhat over the last month. Banks extended 253 billion yuan of new yuan loans in October, the lowest level so far this year and less than half of September's amount.

Fitch Ratings analyst Wen Chunling says the banking regulator faces a dilemma. "On the one hand it wants to alert banks over risks. But on the other hand it wants to avoid scaring people with too strong alerts," she said.

—Victoria Ruan

Upscale car makers are optimistic about China

Continued from first page
here, and along with that goes more income generation, and more luxury auto sales," he said. When momentum returns, "it's going to be very extensive growth."

Mr. Wale said GM believes that overall sales of luxury cars in China will likely start growing at double the pace of the overall car market. He didn't elaborate, but noted that he is looking for Cadillac sales to recover next year.

The expected recovery follows a 7% decline in Cadillac sales so far this year, through October, to 5,181 vehicles.

Mr. Wade said sales declined this year in part because GM was slow to respond to last year's move by the Chinese government to encourage consumers to buy smaller cars through tax increases for vehicles with engines bigger than three liters.

Most analysts echo GM's forecast. Yale Zhang, a senior Shanghai-based analyst with U.S. consulting firm CSM Worldwide, said he expects China's premium-car segment to grow 26% to 315,000 vehicles next year. By comparison, sales this year are likely to grow only about 6% to 250,000 vehicles, he said.

Helped by China's overall economic recovery, especially in exports, and improving consumer access to car loans, luxury-car sales "will likely rebound strongly next year," Mr. Zhang said.

Like Cadillac, Toyota's Lexus brand struggled to cope with the tax-policy change. In September, it added the Lexus ES240, a China-only model with a sub-three-liter engine that qualified for a lower tax bracket.

One mistake Toyota made with developing Lexus in China is that the company sold exactly the same Lexus models it sells in the U.S., said Shoju Nozaki, a senior Toyota and Lexus sales manager, who spoke to reporters on the sidelines of the auto show.

"We should've corrected that sooner," he said. The ES240 and the GX460, which fill the gap in Lexus's SUV lineup, "reflect the importance Toyota attaches to China's auto market." though the GX460 will also be sold in other countries.

Meanwhile, Nissan's Infiniti unit unveiled at the Guangzhou show the GConvertible, a new model for China due to hit dealer showrooms here early next year.

Mercedes-Benz, which unlike Lexus and Cadillac has done well in China's slow luxury car market, also launched several new models. With new products, China has become the brand's fourth-largest market, compared with 10th in 2006, said Klaus Maier, head of Mercedes-Benz China. He said he expects China to displace the U.K. as the brand's third-biggest market next year.

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Reuters (2)

The interior of a Toyota Crown car, left, at the Guangzhou auto show on Monday. At right, a Mercedes-Benz E260 CGI car at the show. Auto makers say demand for luxury goods and cars in China will return.

Rising gold price lifts GLD shares

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India embraces cellphone entertainment

As average spending on calls declines, providers push music, sports and other services to boost revenue

By Eric Bellman

MUMBAI—In the farthest reaches of India's rural heartland, the cellphone is bringing something that television, radio and even newspapers couldn't deliver: Instant access to music, information, entertainment, news and even worship.

Despite rapid modernization, many of India's 750,000 villages remain isolated except for the cellphone reception that now blankets almost the entire country after a decade of rapid expansion by operators. So in villages that don't receive any FM radio stations, people have begun calling a number that has a recording of Bollywood tunes and listening to it on their headsets.

This primitive cellular "radio" service was used by close to 20 million Indians last year, phone company executives estimate.

"I call it the poor man's iTunes," says Mahesh Prasad, president of **Reliance Communications** Ltd., one of India's largest cellular companies. "A villager waiting for a bus has nothing to do. When he wants to kill some time, this is the only entertainment media available."

The cricket fan without a television or radio can dial up and listen to the latest match live on his phone. **Bharti Airtel** Ltd., India's largest cell company by subscribers, has a special service that calls hundreds of thousands of farmers every day with recorded messages of weather reports and advice about crops.

Tata Teleservices has a service which lets farmers use their cellphones to control the pumps that water their crops. For the religiously devout, Bharti Airtel is starting a service where users can hear live prayers and chants from popular temples, mosques and shrines.

"Our religious offerings work the best," says Raghunath Mandava, chief marketing officer at Bharti Airtel. "There is nothing like getting the original prayer from the place of worship."

Charges for the services vary: Some are free for now, others cost more than the price of a regular call. Dial-up radio, for example, costs about one rupee (two cents), a minute. Reliance customers can get cricket reports via text messages three times a day on the day of the match for five rupees per day, or take a service for 49 rupees a month to listen to live commentary during matches.

So far these types of services make up only about 10% of cellular companies' revenues, analysts say. But in the next five years the portion of revenue generated by these services could rise to as much as 25%, they estimate.

They are another example of how Indian companies are innovating to reach a new market: consumers in rural India who may have little to

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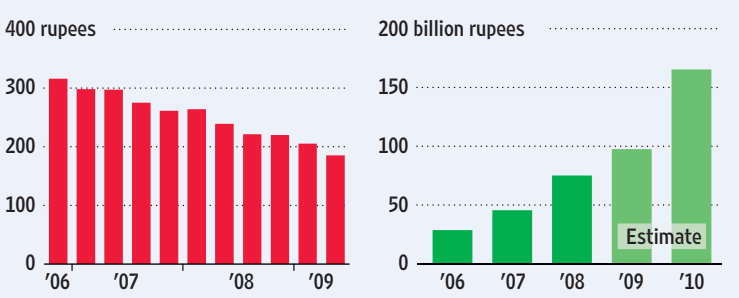
New focus

For Indian telecoms, average revenues per user are declining, but nonvoice revenues are growing.



Source: Telecom Regulatory Authority of India (revenue per subscriber); Internet and Mobile Association of India (total revenue)

Taiwan wary over sale of AIG's Nan Shan Life

[The view from Hong Kong]

By Peter Stein

American International Group Inc.'s US$2.15 billion deal to sell off its Taiwan insurance operations to Hong Kong buyers is raising concerns about what might be called an Asian twist on a Greek legend: the Chinese Trojan Horse.

Last month, AIG agreed to sell its Taiwan unit, Nan Shan Life Insurance Co., to a consortium involving two Hong Kong companies. The deal would be one of AIG's most significant moves to raise the cash it needs to pay back U.S. government bailout funds.

But some Taiwanese lawmakers allege that the Hong Kong buyers are really a front for mainland Chinese interests. "This would quite clearly violate Taiwan's laws" that forbid mainland Chinese investors from buying into key sectors of Taiwan's economy, including insurance, says one of the lawmakers, Gao Jyh-peng. Last week, Taiwan's Investment Commission, which vets proposals for foreign direct investment, turned down the consortium's initial application to buy Nan Shan, citing missing paperwork.

The buyers—Hong Kong-listed **China Strategic Holdings** Ltd., a battery manufacturer, and recently formed **Primus Financial Holdings** Ltd.—say the China money allegations are false. "Our consortium complies fully with all the regulations," says Robert Morse, co-chief executive of Primus and a former top banking executive for Citigroup Inc. in Asia.

AIG says it received "legally binding representations from Primus Financial that no funds involved in this transaction are sourced" from mainland China. China Strategic executives played down the Investment Commission's ruling and said they were resubmitting their application.

Even if unfounded, the accusations and the reactions they provoke highlight the extent to which warming ties between Taiwan and its giant neighbor have failed to eliminate deep-seated fears concerning China's influence over the island's economy, and budding suspicions about Hong Kong's potential role as China's frontman.

Under the administration of President Ma Ying-jeou, Taiwan has dismantled some major barriers separating the two sides of the Taiwan strait. Mr. Ma has linked his presidency in no small part to the notion that closer ties with China will benefit Taiwan, which otherwise risks losing relevancy as China's importance in

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Caijing reaffirms journalism commitment

In first issue after departure of key editor and staff, publisher vows to rebuild business magazine

By Sky Canaves

BEIJING—The first issue of Caijing magazine following the departure of outspoken editor Hu Shuli and most of its staff hit the newsstands Monday, with its publisher acknowledging that China's premier business publication wasn't up to par but reaffirming its goal of independent journalism free from "inappropriate controls from above."

The Nov. 23 issue underscores the uncertain future of the biweekly magazine. It was pulled together by a skeleton staff of fewer than 20 people. Out of 59 Beijing-based reporters listed on the last Caijing masthead, only six remain; 12 out of 14 domestic correspondents outside Beijing have gone, along with all four overseas correspondents in New York, Washington, London and Hong Kong.

As a result, most of the articles in the current issue were commissioned from freelance writers. The cover story, on U.S. President Barack Obama's visit to China this month, was written by a reporter who has since resigned.

He Gang, until recently managing editor of Investor's Journal, a weekly business paper, has been named managing editor of Caijing, responsible for day-to-day editorial operations.

Ms. Hu formally resigned her position on Nov. 9, the day the last issue was published, amid a row with the magazine's publisher, the Stock Exchange Executive Council, over funding and coverage priorities.

Publisher and editor-in-chief Wang Boming, who was rarely seen in the newsroom before Ms. Hu's departure, penned a letter from the editor, his first in the 12 years since he founded the magazine with Ms. Hu. He wrote that he deeply regretted the split with Ms. Hu, who had been the driving force behind the publication, and fully expected that readers wouldn't be satisfied with the current issue.

"The most pressing task facing me now is to carry out and build upon the ideals that Caijing magazine has always supported and championed—independence, exclusivity, and uniqueness," he wrote. "But it is really not easy to transmit such ideals."

Mr. Wang sought to alleviate concerns that the magazine's commitment to editorial independence might wane without Ms. Hu at the helm, reaffirming his commitment to journalism in service of "the public's right to know."

"Not only must we guard against the erosion of our independence from business interests, but we must also resist the imposition of inappropriate controls from above," he wrote.

Topics covered in the Nov. 23 issue appeared, if not particularly groundbreaking, at least in line with previous editions of Caijing. In addition to the cover feature on Mr. Obama's Asia trip, there is a special report on a recent medical scandal at Peking University, a critical article on **Walt Disney** Co.'s plans for its Shanghai theme park and a piece on a Chinese auto company's trade secrets lawsuit against **Fiat** SpA.

Advertising, which is run by the publisher's Hong Kong-listed advertising arm, **SEEC Media Group** Ltd., appeared largely unaffected in this issue. There were about 10% fewer ad pages in the Nov. 23 issue than in the previous issue, but many of its major advertisers—such as Audi, **Lenovo** Group and luxury watchmakers—appear in both issues.

Mr. Wang and representatives of Caijing's advertising department couldn't be reached for comment.

The Wall Street Journal has had an agreement with Caijing since 2007 to occasionally publish translated Caijing articles in The Journal's Asian edition and to let Journal articles be published in Caijing.

The latest issue of Caijing also features a statement of support from a former high-ranking establishment media official. "Caijing magazine faces a heavy task and a long road ahead," wrote Zhong Peizhong, onetime head of the news division of the Communist Party's Central Propaganda Department. "I wholeheartedly wish Caijing magazine even greater success in the future."

One notable change was seen in the cover art. The front of the current magazine, normally a staid affair, shows a smiling Mr. Obama in a suit, standing before a young, sportswear-clad Chinese man who raises the fingers of both hands in a "V" sign.

Ms. Hu, meanwhile, will become dean at the journalism school of the Sun Yat-sen University in the southern Chinese city of Guangzhou, and she is expected to launch another magazine and Web site under the name Caixin, which translates as Finance News, according to former Caijing employees. In mid-October, several weeks before Ms. Hu's departure, most of the magazine's business staff resigned to start preparing for the new venture, which is still seeking a financial backer, according to sources familiar with the situation.

—Sue Feng contributed to this article.

Sky Canaves/The Wall Street Journal

The latest issue of Caijing magazine, much of it written by freelancers, features a story on Barack Obama's China visit.

Sembcorp plans water, power joint venture in Oman

By P.R. Venkat

SINGAPORE—Singapore's **Sembcorp Industries** Ltd. said Monday that its Sembcorp Utilities unit and **Oman Investment** Corp. have established a joint-venture company to build a water and power plant in Oman.

The joint-venture company, Sembcorp Salalah Power & Water Co., intends to invest about US$1 billion to develop, build, own and operate the plant, Sembcorp said in a statement.

Sembcorp Salalah Power & Water Co. is 60%-owned by Sembcorp Utilities and 40%-owned by Oman Investment Corp., whose shareholders are the Gulf Investment Corp., the National Investment Funds Co., State General Reserve Fund of the Sultanate of Oman and BankMuscat.

The plant, which is expected to be fully operating by the first half of 2012, will consist of a gas-fired power-generation unit with a net capacity of 445 megawatts, and a seawater desalination plant.

The desalination plant will use "reverse osmosis technology to produce 15 million imperial gallons per day of water," the company's statement said.

Sembcorp said 75% of the total project cost will be funded through 17-year nonrecourse project finance loans.

The remaining 25% will be funded by shareholder loans.

INDEX TO BUSINESSES AND PEOPLE

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Ciena to buy Nortel division

Bid for networking-gear unit tops Nokia Siemens offer

By Ben Dummett

TORONTO—**Ciena** Corp. agreed to acquire a **Nortel Networks** Corp. division that develops networking gear used to transmit data and voice traffic for $769 million in cash and notes.

In an auction that started Friday morning, Ciena, based in Linthicum, Md., beat out Nokia Siemens Networks and its partner, private-equity firm **One Equity Partners**, for the acquisition of Nortel's Metro Ethernet Networks business. Nokia Siemens Networks is a joint venture between **Nokia** Corp. of Finland and **Siemens** AG of Germany.

The winning offer consists of $530 million plus $239 million in senior convertible notes.

The auction is part of Nortel's continuing efforts to dismantle itself under bankruptcy protection. The Toronto company filed for bankruptcy protection in January, weighed down by its debt load and the economic slowdown.

Ciena, which expects the deal will add to earnings significantly in fiscal 2011, gains a large customer base and Nortel's experience developing next-generation optical-transmission gear.

Nortel was a leader developing 40-gigabit optical-networking equipment, allowing carriers to quadruple their network capacity without incurring much additional cost. It is also among the industry leaders developing the next-generation 100-gigabit optical-networking technology.

Nortel's Metro Ethernet business has more than 1,000 customers spread across 65 countries. Its biggest market is North America.

The Metro Ethernet business reported revenue of $988 million for the first nine months of this year, down 21% from a year earlier, as the struggling economy and Nortel's bankruptcy filing hurt customer demand for the company's products.

> The auction is part of Nortel's efforts to dismantle itself under bankruptcy protection.

Ciena faces integration risks. It has agreed to hire at least 2,000 Nortel employees, or more than 85% of the Metro Ethernet employee base, nearly doubling Ciena's current work force.

In addition, Ciena, currently focused on providing cutting-edge optical-networking gear, will be saddled with legacy equipment, some analysts have said.

The benefits from mergers and acquisitions in the technology sector historically have often fallen short of expectations because of "culture clashes" and the confusion created for customers when combined companies offer overlapping products, Ronald Gruia, a principal telecommunications analyst at consulting firm Frost & Sullivan.

Nortel in October agreed to Ciena's stalking-horse bid, a structure typically used in deals involving companies operating under bankruptcy protection. The bid, valued at $521.7 million, triggered Friday's auction to ensure the highest price for the Metro Ethernet unit. Ciena's initial offer included $390 million plus 10 million Ciena shares.

The transaction is subject to approval by the U.S. Bankruptcy Court for the District of Delaware and the Ontario Superior Court of Justice. A hearing is scheduled for Dec. 2. The Canadian government also could review the transaction under the Investment Canada Act to determine if it represents a net benefit to the country.

Nokia Siemens Networks said it "believes that its final offer represented fair value for the assets, and further bidding could not be financially justified." The joint venture had bid for the assets of the Canadian equipment vendor to expand its presence within optical networking, said spokeswoman Riitta Mard, adding that the company is still looking for other acquisitions or partnerships as a way to expand its business.

—Gustav Sandstrom in Stockholm and Aude Lagorce in London contributed to this article.

Microsoft, News Corp. in talks on search deal

By Nick Wingfield And Shira Ovide

News Corp. has held discussions with **Microsoft** Corp. about a partnership that could result in News Corp. removing its newspaper content from **Google** Inc.'s search engine while continuing to feature it on Microsoft's online properties, according to people familiar with the matter.

The talks are still at an early stage and may not result in a deal, according to these people. Among the most thorny issues, one of these people said, are the terms under which Microsoft would compensate News Corp., if at all, to feature its news content, which ranges from The Wall Street Journal to the Sun of the U.K.

It isn't clear whether the talks include News Corp.'s non-newspaper sites, such as its MySpace social-network or Fox TV properties.

The discussions are another sign of a growing push by news organizations to devise new revenue streams for their online news and information in response to the challenges posed by the Internet.

While such a deal with Microsoft would be another way for News Corp. to get paid for its newspaper content, the company would risk losing a huge audience if its stories weren't available to Google users.

News Corp. executives have been among the most vocal proponents of charging consumers to read stories online. The Wall Street Journal already charges for online access to parts of its site, and News Corp. executives have said its other news outlets will follow suit.

The Financial Times Web site reported the discussions between News Corp. and Microsoft Sunday.

Along with the Associated Press and other news organizations, News Corp. also has criticized Google and other big Web sites for using excerpts of their stories to link to the news organizations' sites.

Google and other Web portals say they are within their legal rights to post snippets of news stories, which help point traffic to news sites.

Gabriel Stricker, a Google spokesman, said Google has a "clear policy of respecting the wish of content owners" by allowing them to prevent their material from showing up in Google search results, though he declined to comment directly on the talks between Microsoft and News Corp.

"We believe search engines are of real benefit to newspapers, driving valuable traffic to their Web sites and connecting them with new readers around the world," Mr. Stricker said.

Microsoft's efforts to become a bigger player in the search market and its deep financial resources have made it a potentially appealing alternative to Google for publishers looking for ways to charge for content.

Microsoft, which launched a new search engine, called Bing, earlier this year, accounted for 9.9% of the U.S. search market in October, while Google had 65.4%, according to comScore.

Siding maker James Hardie posts loss

By Andrew Harrison

MELBOURNE, Australia—**James Hardie Industries** NV posted a fiscal second-quarter net loss of US$19.6 million because of lower sales and a higher Australian dollar, but it expects annual operating earnings to be close to the top of forecasts.

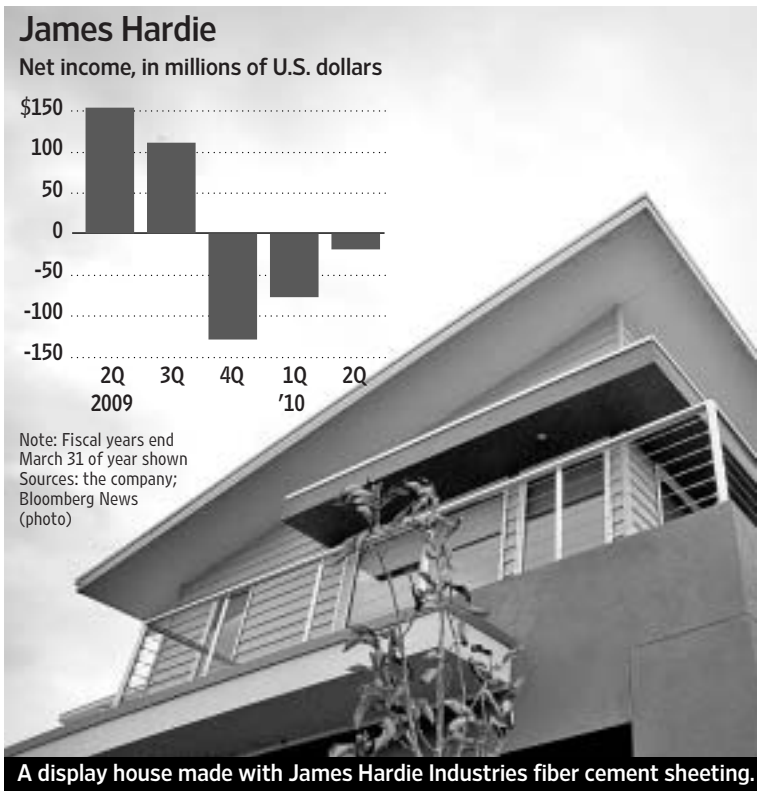
The earnings of James Hardie, the largest maker of U.S. home siding, have eroded as builders have curbed home construction because of tighter credit and weaker economic conditions. The company has been cutting costs and staff, and closing plants to remain profitable.

James Hardie's result for the three months ended Sept. 30 included unfavorable asbestos adjustments of $62.7 million because of a strengthening Australian dollar. The stronger currency meant the cost of the asbestos program was higher in U.S. dollar terms.

The Amsterdam-based company, whose stock trades in Australia, posted a profit of $153.5 million in the year-earlier quarter.

Despite the low demand, James Hardie's second-quarter net operating profit—excluding charges to compensate victims of its asbestos products, tax adjustments and legal expenses—rose 4% to $37.6 million from $36.2 million a year ago. Chief Executive Louis Gries said this was due to lower costs, improved plant performance and higher product prices.

James Hardie's second-quarter sales were $304.2 million, down 11% from $341.9 million a year ago. "Momentum in Australian housing starts is gathering pace and, more importantly, initial signs that U.S. housing starts are nearing a bottom are likely to fuel increased investor interest in the stock," said Chris Weston, institutional dealer at IG Markets.



A display house made with James Hardie Industries fiber cement sheeting.

Still, James Hardie "remains very cautious given the still weak U.S. economic conditions and upcoming Northern hemisphere winter," said Patersons analyst Ben Kakoschke, who reiterated his "sell" recommendation on the stock.

Mr. Gries said that in the U.S., the company's largest market, single-family housing starts in the September quarter were 139,000, or 15% below a year earlier, and 74% below the January 2006 peak of 2.3 million annualized starts. "The U.S. residential construction market continues to be volatile and it remains too early to ascertain the timing, rate or extent of any recovery," he said.

But there are signs that the cycle appears to be nearing its bottom, including improvements in monthly housing starts, a small increase in single-family home permits, and a rise in builder confidence, he said. He noted analysts' forecasts for a net operating profit in the year ending March 31 of between $77 million and $115 million, adding that the company anticipated earnings near the top of that range.

Legal Notices

NOTICE OF SALE

NOTICE OF SALE

On **December 7, 2009 at 10:00 a.m. (EST)** the Honorable Joan N. Feeney, United States Bankruptcy Judge, United States Bankruptcy Court for the District of Massachusetts at the John W. McCormack Post Office and Court House, 5 Post Office Square, 12th Floor, Boston, Massachusetts, 02109 (the "Court"), will hold a sale hearing regarding the proposed sales (the "Sales") of the assets of GPX International Tire Corporation ("GPX"), the debtor and debtor-in-possession in the Chapter 11 proceeding In re GPX International Tire Corp., Case No. 09-20170-JNF. GPX has requested that the Court approve, subject to counteroffers, the following proposed sales: (a) GPX's U.S. operations, including its assets, customer relationships, warehouse footprint, Galaxy and Primex brands and Aeolus medium radial truck tire distribution license to Alliance Tire Co. (1992) USA Ltd. (the "Alliance Sale"), (b) GPX's Galaxy and Primex brand off-the-road tires, the sale and distribution of medium radial truck and passenger car tires and private label sourcing to 2220753 Ontario Inc. (the "Dynamic Sale"), and (c) GPX's solid tire business as well as its Gorham, ME, Red Lion, PA, and Hebei, China locations to MITL Acquisition Company, LLC (the "Solid Tire Sale"). Bids will be accepted for the whole of GPX's assets or for the assets proposed to be sold by each of the Alliance Sale, the Dynamic Sale or the Solid Tire Sale (collectively, the "Assets").

The Sales of the Assets shall be free and clear of all liens, claims and encumbrances including, without limitation, all consensual liens and security interests and all liens or claims arising by operation of law to the highest bidder, as determined by the Court.

On or before **December 2, 2009 at 4:30 p.m. (EST),** any and all bids, counteroffers or objections to any of the Sales must be filed with the Clerk of the Court and received by counsel to GPX, Hanify & King, Professional Corporation, One Beacon Street, Boston, MA 02108, Attn: Harold B. Murphy, Esq. and such other parties as are set forth in the orders of the Court regarding the Sales dated November 2, 2009 and November 13, 2009 (the "Bid Procedures Orders"). Any party intending to file bids, counteroffers or objections to the Sales must comply with the Bid Procedures Orders. Any party that files a bid, counteroffer or objection to any of the Sales is required to appear at the hearing on the Sales on December 7, 2009. Copies of the Bid Procedures Orders and all pleadings relating to the Sales are available via the internet at: www.hanify.com/gpx.html.

Inquiries regarding bids or counteroffers should be directed to Michael S. Goldman, Managing Director, TM Capital Corp., One Battery Park Plaza, 24th Floor, New York, NY 10004 (telephone: 212-809-1360, email: mgoldman@tmcapital.com).

Inquiries regarding other aspects of the Sales or requests for copies of pleadings should be made to counsel to GPX, Hanify & King, P.C., One Beacon Street, Boston, MA 02108, Attn: Harold B. Murphy, Esq. (telephone: 617-423-0400, email: hbm@hanify.com).

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Indian cellphone firms push entertainment to lift revenue

Continued from page 19

spend but have been relatively insulated from the global recession and are keen to gain access to some of the services enjoyed by India's urbanites.

The mobile value-added service business, which also includes standard nonvoice services like texting, will rise close to 70% in the next year to 165 billion rupees ($3.6 billion), according to estimates by the Internet and Mobile Association of India.

Some of the services are helping to offset the impact of a fierce price war that has erupted in the Indian cellphone industry for regular voice calls as new entrants have come into the crowded market.

Because of the lower prices, millions of new customers are being added per month, but there is a crumbling of the average revenue per user, a key measure of revenue.

Average monthly spending by Indian cellphone users has plunged 20% in the past year to less than $5.

The biggest phone companies have also started charging per second rather than per minute, further crimping what they get from calls.

Monthly spending will continue to slide for the next two years, analysts estimate, unless phone companies can find ways other than call rates to get Indians to spend more on their phones.

Vibhuti Agarwal/The Wall Street Journal

A woman dials in to the radiophone service offered by Bharti Airtel. Radiophones are a popular source of entertainment.

Cellphone companies' shares, once the darlings of the stock market, have been tumbling, many, including Bharti Airtel and Reliance, losing about 30% in the past three months.

New revenues won't come anytime soon from so-called 3G services, which offer advanced cellular networks and high-speed Internet surfing. India has yet to even decide which private companies will be allowed to offer 3G services, though an auction of spectrum is expected early next year.

Instead, to get the cost-conscious Indian cellphone user to spend a few extra rupees requires tailored services that are delivered simply and can work even on a $20 phone.

In the town of Behror, Rajasthan, there is no regular radio music broadcast, so 60-year-old farmer and music lover Balwant Singh Yadav says dialing up his favorite music has been a "lifeline."

"I used to walk 10 to 15 kilometers just to listen to Hindi songs being played at marriage parties and other local functions," he said. "With the cellphone, the latest hits come handy. I can tune in any time I'm free." He said he spends about $1.50 a month on the music service.

The latest Bollywood tunes "station" is the best seller, says Mr. Prasad at Reliance. Devotional songs as well as classic film songs are also popular, he says, showing that users aren't just tech-savvy teenagers.

With the more than $200 million in revenues phone company executives expect this year, the radio via phone business already makes almost as much as consultants at KPMG estimate all the regular FM stations in India will make.

"The nonvoice business is becoming very, very important for any operator today to concentrate upon," says Madhusudan Gupta, a Singapore-based senior research analyst at Gartner, a consultancy. "That is the reason that a lot of experiments are now happening."

—Vibhuti Agarwal and Sonya Misquitta contributed to this article.

Reuters

AIG's Richard L. Bender, Nan Shan Life Insurance Chairman Edmund Tse, Robert Morse of Primus and Nan Shan Life Insurance President and CEO Frank Chen when the deal was struck in October.

Taiwan wary about a hidden Chinese role in sale of Nan Shan Life

Continued from page 19

the global economy grows.

Many in Taiwan, however, remain wary of letting down the remaining barricades to mainland Chinese capital. An April agreement by China's state-owned **China Mobile** Ltd. to pay US$546.6 million for 12% of Taiwan's **Far EasTone Telecommunications** Co. is unlikely to win Taipe's approval.

Taiwan regulators and lawmakers have other concerns about the Nan Shan deal. The presence of Primus, a private-equity group, worries some that investors are out to flip the assets for a quick profit, something Primus denies.

None of this means that the deal won't pass, of course. Multiple applications to win regulatory approval aren't unheard of in Taiwan, and so far regulators have refrained from raising the China issue, which leaves them plenty of wiggle room.

It is telling that the distrust clouding the Nan Shan deal is centered on two Hong Kong companies. Beijing's "one country, two systems" approach to running Hong Kong has long been held as an example to Taiwan of how the island might be able to preserve its autonomy if reunited with the mainland.

But that argument has never won many fans in Taiwan, where there is a widespread belief that Hong Kong's autonomy is something of a fiction.

In the 1980s and '90s, the opening of China's economy prompted Hong Kong's business elite to invest more in China, making them often effective advocates for Beijing's interests. Today, the same trend has aligned the interests of Beijing and many of Taiwan's top businesspeople.

The Nan Shan saga suggests that aside from the fear that Taiwan might follow Hong Kong's path and let economic interests co-opt political ones, a new anxiety lurks: that Hong Kong investors backed by mainland money could become the Trojan Horse that breaches the last walls keeping China's army of capital at bay. This could mean closer scrutiny for any future would-be buyers from Hong Kong seeking a piece of the Taiwan action.

CORPORATE NEWS

Marketers find Web chat can be inspiring

New IBM, Harrah's ad campaigns are guided by what consumers are saying—or not saying—online

By Emily Steel

International Business Machines Corp. and a handful of other major marketers, including casino operator **Harrah's Entertainment** Inc. and software giant **Microsoft** Corp., are experimenting with developing ad campaigns based in part on what consumers are chatting about on the Web.

For decades, advertisers have relied heavily on sometimes-dated consumer surveys and focus groups to provide grist for their ads. Now, some are using new technologies to scan the Web for key words to find out what consumers are—and aren't—saying about their brands.

Then, they are incorporating those findings into their more-conventional research and using them not only to choose the overall themes of their marketing campaigns, but also specific text and photos for their ads. Once the campaigns are under way, the companies and their ad firms are using the same Web-scanning technologies to gauge consumer reaction to their messages, and to fine-tune them to boost performance.

In creating a recent campaign for its Lotus business software, IBM and its ad agency, Ogilvy North America, tapped sources ranging from consumers' Web searches to the comments they posted on video sites such as **Google** Inc.'s YouTube to their conversations on social-media sites like Twitter.

IBM discovered through online videos that potential customers tended to care less about its technologies themselves than what those technologies could do for them. Instead of talking about voice over Internet protocol or cloud delivery models, for example, they talked about having conversations and meetings.

That insight, says Kristen Lauria, a vice president of marketing and channels at IBM, led to a new print ad with the text "Lotus knows you're trying to reach the person, not their phone."

Marketers have long drawn on information from the Web to help them design their Web sites and online marketing campaigns. Now, more of them have begun to use it to guide their marketing across a range of media, including print and television, and in choosing the overall strategy for those campaigns.

Until this year, "there was no real technology to be able to do that," says Jean-Philippe Maheu, Ogilvy's chief digital officer.

"Ultimately, brands need to have a role in society," he adds. "The best way to have a role in society is to understand how people are talking about things in real time."

Ogilvy, a unit of **WPP** PLC, recently set up a way for employees companywide to tap into the consumer research the ad agency collects on the Web and integrate it into their advertising work.

The agency says its goal is to use the new process to design messages ranging from paid-search ads on the Internet to public-relations pushes to TV spots and online video.

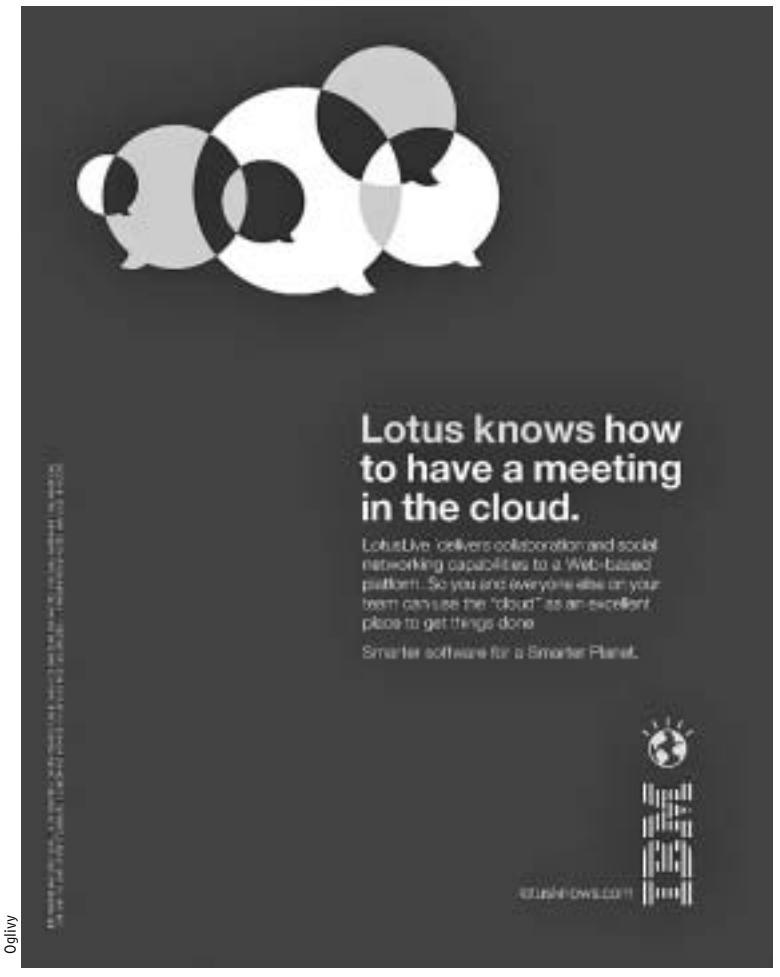
Last year, Harrah's Web sites and online ads began to reflect lessons it learned from consumer reviews on travel site TripAdvisor.com. It also started scanning reviews and comments on social-media sites such as Twitter and Facebook to better understand consumers' perception of its casinos, hotels and spas.

Working with Ogilvy, Harrah's learned that travelers tended to chat about the views of the Las Vegas Strip from its Paris Las Vegas hotel and casino. As a result, it changed its Web site's main picture to one that features the Paris and other Las Vegas attractions.

Harrah's also discovered that consumers were interested in hotel amenities, such as room size and details of menu offerings. In response, it started including such specifics in its marketing messages.

Making such changes in its online ads boosted Harrah's online bookings by a double-digit percentage, says Monica Sullivan, the company's vice president of advertising.

"It is one of those 'Aha' moments, when you think, 'I should have known that all along. Being relevant to consumers is the way to communicate about your brands,' " Ms. Sullivan says.


Lotus knows how to have a meeting in the cloud.
LotusLive™ delivers collaboration and social networking capabilities to a Web-based platform. So you and everyone else on your team can use the "cloud" as an excellent place to get things done.
Smarter software for a Smarter Planet.

Ogilvy

A Lotus print ad reflects findings that consumers tend to talk online about meetings, rather than the technologies that enable them.

Vivendi, GE dig in heels over NBC Universal price

By Max Colchester And Sam Schechner

General Electric Co. and **Vivendi** SA are wrangling over a price difference of several hundred million dollars as the French conglomerate seeks to sell its minority stake in NBC Universal, according to people familiar with the matter.

The talks have delayed the completion of a deal GE has largely ironed out in recent weeks that would give U.S. cable giant **Comcast** Corp. control of NBC Universal. GE owns 80% of NBC Universal. Vivendi must agree to sell its 20% stake for the Comcast deal to go forward.

GE has offered Vivendi something in the neighborhood of $5 billion for its stake, according to people familiar with the matter. That is lower than the value implied by the deal GE has tentatively negotiated with Comcast. The GE-Comcast deal would value NBC Universal at about $30 billion. Allowing for debt that NBC Universal now carries, that value would imply Vivendi's equity stake is worth somewhat less than $6 billion.

GE is offering Vivendi less than the value implied by its Comcast deal because it believes Vivendi wouldn't be able to fetch as much through a public sale that it also has the right to pursue, according to people familiar with the talks.

Vivendi, meanwhile, has asked for a price somewhere from the "mid-five" billion dollars to closer to $6 billion, according to people familiar with the matter. Two people familiar with the matter said GE and Vivendi were within about $500 million in price.

—Jeffrey McCracken contributed to this article.

Demand bolsters LDK Solar

By Tess Stynes

LDK Solar Co. posted a surprise profit for the third quarter amid growing demand for solar-energy products in recent months, as the Chinese maker of solar wafers and modules broke a string of three consecutive quarterly losses.

The company also projected fourth-quarter revenue of $280 million to $310 million. Analysts polled by Thomson Reuters on average recently expected $259 million.

For the quarter ended Sept. 30, LDK reported a profit of $29.4 million, or 27 cents an American depositary share. A year earlier the company reported earnings of $88.4 million, or 77 cents an ADS.

Revenue climbed 48% to $281.9 million. The company last month boosted its target to $270 million to $290 million. Revenue was up 23% sequentially.

Gross margin fell to 20.1% from 22.7%.

Wafer shipments rose 27%.

MARKETS

‘Wall of money’ drives copper, gold higher

Metals hit 2009 highs as investors pour cash into commodities; have some markets gone too far?

By Andrea Hotter

Metals prices continued their ascent Monday, defying underlying fundamentals as the unprecedented weight of investment money helps lift the markets to fresh 2009 highs.

Gold futures were on track for another record settlement in New York and the seventh consecutive rise, as the dollar fell and war games in Iran boosted global tensions, which increased gold’s appeal as a safe-haven investment.

Copper, meanwhile, traded as high as $7,010 a metric ton in London Metal Exchange trade, a 12-year high, even as stocks in LME warehouses are at the highest level since April, a sign of abundant supply. Three-month copper closed the LME kerb at $6,945 a ton, up from Friday’s close of $6,845 a ton.

Investment flows into commodity markets are at levels never seen before. Barclays Capital estimates that some $55 billion has poured into the asset class this year, exceeding the full-year record of $51 billion in 2006.

“The wall of money floating around in the financial system continues to benefit commodities as a way of diversifying portfolios and in order to shield investments from a non-negligible risk of a U.S. debt and currency crisis,” said Ole Hansen, manager for futures and fixed income at Saxo Bank.

The gains in copper and gold are helping to underpin prices of other metals, but especially the precious metals. Silver is near $19 an ounce, a level last seen in July 2008, while platinum and palladium are at 15-month highs.

The dollar is playing a central role in commodity-price moves, with the carry trade—when investors borrow dollars to invest elsewhere—contributing to its weakness. With U.S. interest rates near zero, carry traders have shifted cash into commodities as well as stocks and bonds.

Monday, the dollar declined against its rivals, aiding gold, after Federal Reserve Bank of St. Louis President James Bullard said on Sunday that the U.S. central bank should continue buying mortgage-backed securities and other assets longer than currently planned.

Geopolitical concerns about Iran also are helping gold as a haven. Amid Western pressure over Tehran’s nuclear program, Iran on Sunday launched a five-day air-defense exercise and threatened retaliation if Israel were to attack.

In late-morning trade, gold for November delivery on the Comex division of the New York Mercantile Exchange was up $15.20, or 1.3%, to $1161.60. The most active December contract was up $21.70, or 1.9%, to $1168.50. The metal has only recorded one losing session this month. “It is an unbelievable rally,” said Darin Newsom, a senior analyst at Telvent DTN.

But some fear metals prices, which have by far outperformed other commodities such as oil and farm products, are due for a severe correction. This is especially true of the industrial metals, which have exceeded analyst forecasts for average prices in 2010. While the longer-term picture remains relatively positive given expectations for a revival in economic growth and a pickup in demand from key markets in the U.S. and Europe, right now the situation looks less rosy.

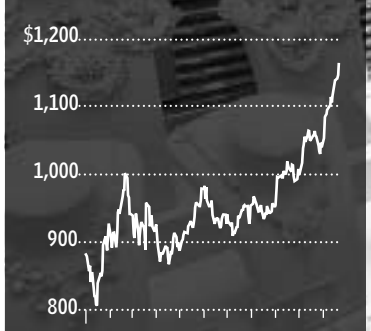
The view on gold is slightly different. If investors believe that the U.S. dollar will continue to depreciate and have lost faith in its attractiveness as an currency, then gold stands to benefit further. As concerns over dollar weakness and the risk of future inflation persist, the list of influential hedge-fund investors in gold is growing, including Paul Tudor Jones, John Paulson, David Einhorn and Kyle Bass.

—Polya Lesova contributed to this article

Gold futures

Daily settlement price on the continuous front-month contract on the Comex division of Nymex

Monday 11 a.m. EST: $1,161.60 a troy ounce, up $15.20



Source: Thomson Reuters via WSJ Market Data Group; Agence France-Presse/Getty Images (photo)

Gold jewelry on display at a shop in Hong Kong.

Judging hedge funds by their fees

By David Walker

Hedge funds with the highest annual management fees—and those with no annual management charges at all—generated the highest after-fees returns for their investors, according to a study.

Managers that charged annual management fees of more than 2% of assets under management gave their investors 2.3% over the year to June and 6.5% a year over the last three years, according to data provider Hedge Fund Research, which grouped funds according to their management-fee rates.

Hedge funds with management fees of 1.5% to 2% of assets generated a loss of 4.36% in the year ended in June. Those charging 1% to 1.5% had a loss of 7.54%, while those charging 0% to 1% fell 8.48%.

This pattern of higher-charging funds generating higher returns is repeated over three years.

The one exception: funds without any annual management fees. They returned 3.2% on average in the year to June, and 6.7% a year over three years—higher than anyone else.

Managers charging over the average include **Ikos Asset Management**’s G10 currency and financial funds, each charging 3.6%; the **Superfund** in Austria, which charges 6%; and leveraged versions of **Marble Bar Asset Management**’s Jandakot and Tomahawk funds, which each charge 4%.

The higher chargers, those with management fees of more than 2%, represented just 2% of all hedge funds. Some 38% charge 1.5% to 2%, while 55% charge 1% to 1.5% and 3% charge 0% to 1%.

That leaves 2% of all hedge funds that charge no management fee. They rely on the other element of hedge-fund charging structures: performance fees, typically 20% of any fresh profit earned by the fund.

Stéphane Ensini, head of business development for funds at Banque Privée Edmond de Rothschild, said these managers had foregone management fees because they felt extremely confident of their ability to generate good returns.

Investors said managers who don’t charge a management fee included the **Arrow Select** fund and Miami’s **Tiverton Investments**. The global media fund of **Lindsell Train Investment Management** did so until October 2007, when the London fund was small, a spokeswoman said.

Tiverton declined to comment. Marble Bar, Ikos, Superfund and Arrow didn’t return calls.

An analysis of almost 3,200 fund share classes found only 45 without management fees. Of these, one charges performance fees of 15%, 24 charge the standard 20% and 20 charge more than 20%.

Christopher Miller, chief executive of hedge-fund rating provider Allenbridge HedgeInfo, said funds that charge no annual management fee “have to be so good, experienced and well-connected that they can afford to survive on the performance fee alone. Relatively few can, because management fees pay salaries and keep the lights on.”

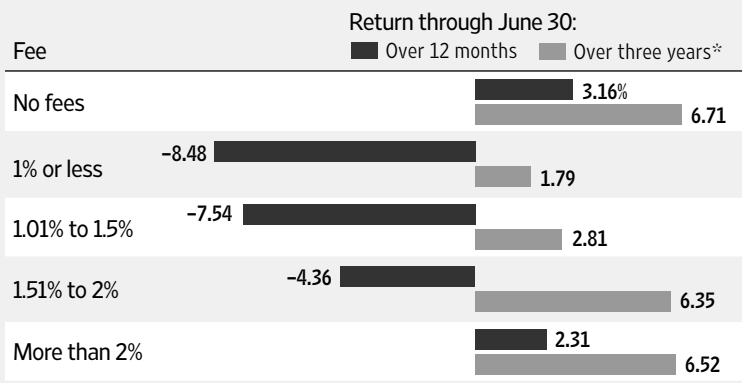
On the other hand, Mr. Miller said, funds charging only 1% management fees “seem to produce peanuts for returns. Charging that sends a message to the industry that the manager is not that good and they have to compete for business on the basis of lower fees.”

Mr. Ensini said a fund charging a 1% management fee and 10% performance fee, or 1% and 15%, “would be the one we would look at cautiously, and we would therefore investigate carefully why they would have to have fee levels lower than the standard.”

—For more, visit efinancialnews.com

Hedge fees

Hedge funds with high management fees, or no fees, tended to perform better.



*Annualized figure

Source: Hedge Fund Research

Chieftain investment company splits in two over internal rifts

By Shira Ovide And Gregory Zuckerman

Chieftain Capital Management Inc., an iconoclastic investment firm with a strong two-decade track record, is splitting up following personality conflicts among its leaders, according to people familiar with the matter.

Co-founder Glenn Greenberg, who came into the headlines nearly two years ago for his campaign against management at cable company **Comcast** Corp., plans to stay at the firm, according to a letter that he, co-founder John Shapiro and two partners sent to investors. The firm will be renamed Brave Warrior Advisors, according to a person familiar with the matter.

Mr. Shapiro and Chieftain partners Tom Stern and Joshua Slocum plan to start an investment firm that will retain the name Chieftain Capital Management, effective Jan. 1, according to the letter. Chieftain manages about $3 billion in assets.

“Although Chieftain’s partners remain committed to the firm’s investment philosophy, differences on internal firm matters have led us to decide to separate,” said the letter, sent to investors earlier this month.

Mr. Greenberg founded Chieftain with Mr. Shapiro in 1984.

A person familiar with what Mr. Greenberg has told investors said Mr. Greenberg and Mr. Stern had personality conflicts, and Mr. Shapiro decided to leave with Mr. Stern. Another person said the personality conflicts were between Mr. Greenberg and the three other officials who are starting the new firm.

Through spokesmen, Messrs. Greenberg, Shapiro, Stern and Slocum declined to comment.

The firm has generated annual gains averaging about 18% before fees focusing on “value” investing, or buying inexpensive, sometimes out-of-favor shares in which the firm has deep conviction. Chieftain’s returns are roughly in line with the market so far this year, according to people familiar with the matter. The firm counts among its clients Yale University’s endowment.

While many other investment managers spend much of their time courting new and existing clients, Mr. Greenberg told Wharton School students several years ago that his firm was built on keeping his communications with clients limited, ignoring ideas from Wall Street analysts and avoiding marketing.

The firm disdained Wall Street’s mantra of diversification. Chieftain’s largest stock holdings as of Sept. 30 included **Lockheed Martin** Corp., **U.S. Bancorp**, and Comcast, three stocks that represented more than 40% of Chieftain’s stock holdings, according to FactSet Research Systems. By contrast, some funds often keep their top positions at less than 5% of their holdings.

Going against the firm’s typically quiet style, Mr. Greenberg in early 2008 launched a public campaign against Comcast management. He sought in part the ouster of Chief Executive Brian Roberts over complaints about the cable company’s strategy and uses of capital.

Comcast at the time said the company’s operating record, growth and stock returns were strong.

After Mr. Greenberg’s campaign went public, Comcast changed some compensation policies and started a dividend, and the Chieftain campaign died down. Mr. Roberts remains Comcast’s chairman and CEO.

J.P. Morgan taps Shao as its China chairman

By Amy Or
And Rick Carew

HONG KONG–**J.P. Morgan Chase** Co. hired Zili Shao, the Asia managing partner at law firm **Linklaters** LLP, as its chairman and chief executive for China.

Mr. Shao will oversee all of the Wall Street firm's operations in China, including investment banking, treasury services and asset management, J.P. Morgan said in a statement. He will leave Linklaters in January.

DEALS & DEAL MAKERS

Senior China bankers are in high demand, as many investment banks look to beef up their deals teams in the coming months.

Bankers with energy-related experience also are being sought to handle a steady stream of deals involving China and India. Mr. Shao has a background in such deals as well as in transactions involving financial institutions.

A key task for Mr. Shao will be to find a Chinese joint-venture partner for J.P. Morgan's securities business and to build a successful onshore investment-banking platform. That is something several of the firm's rivals already have, including **Goldman Sachs Group** Inc. and **UBS** AG. J.P. Morgan has an onshore fund-management operation and has incorporated as a local commercial bank in Beijing.

J.P. Morgan has left the role of China chairman vacant since Charles Li left in June to join **Hong Kong Exchanges & Clearing** Ltd. as chief executive. Mr. Li will take up his new post next year. Fang Fang, the current chief executive of J.P. Morgan's China investment-banking business, will become vice chairman of Asia investment banking and focus on cross-border deals involving Chinese firms across the region.

In July, the Wall Street firm tapped Frank Gong, its head of China research, to become vice chairman of China investment banking. A key part of that assignment was to identify a securities venture partner.

> A key task will be to find a Chinese partner for J.P. Morgan's securities business.

Mr. Shao, who has spent 11 years with Linklaters, began his career at Chinese state-owned conglomerate **Citic Group** before studying in Australia and practicing law there for several years. He was promoted to managing partner for Asia earlier this year after managing Linklaters's China business.

Lloyds raises $14 billion

By Kathy Sandler
And Margot Patrick

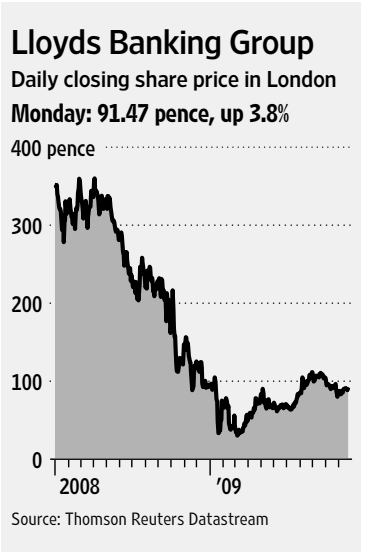
LONDON—**Lloyds Banking Group** PLC said Monday it had raised £8.5 billion ($14 billion) in new debt, most of which can convert to equity in times of stress, marking a major step in a £22.5 billion recapitalization that will help the U.K. bank move out from under the shadow of government support.

Later Monday, the bank planned to price a £13.5 billion rights issue—a sale of stock to existing shareholders—and set the amount of shares each holder will be allowed to buy.

As part of a move to strengthen its finances, the company launched an offer early this month to exchange some of its existing bonds for new enhanced capital notes, a type of bond called contingent-capital securities that converts to equity or equity-like instruments if a bank hits certain stress levels. Being able to convert the debt to equity would give the bank a cushion, allowing it to avoid raising capital, potentially at a higher cost, if it ran into financial trouble.

The bank made separate offers to exchange debt held by investors within the U.S., and elsewhere.

Lloyds said it raised the £8.5 billion of contingent core Tier 1 and core Tier 1 notes through its non-U.S. bond-exchange offer. The company reported strong investor demand for the non-U.S. offer, saying it received offers to exchange £12.51 billion of existing securities.



The company said £6.99 billion of enhanced capital notes will be issued. It will raise a further £1.48 billion by issuing new shares or additional enhanced capital notes. Some debt holders will have the option to receive cash for their holdings.

"We are pleased to announce that our non-U.S. exchange offer has been very positively received by investors and significantly oversubscribed," the company said.

The U.S. bond-exchange offer has already received offers to exchange more than $2.7 billion of bonds, even though the bank originally planned to offer only $800 million of enhanced capital notes, Lloyds said. The company is increasing the total to $985.6 million and will announce the results of this offer on Dec. 8.

The contingent-convertible bonds, or "CoCos," are designed to strengthen Lloyds's finances and are a crucial component of the 43.5% government-owned bank's plan to avoid using a government program to insure its riskiest assets, which would add to its state-aid bill.

Lloyds and U.K. peer Royal Bank of Scotland Group PLC were among many European banks that needed government bailouts during the financial crisis. In exchange for the help they received, they now have to fulfill requirements laid down by the European Commission, which wants to make sure banks that received aid aren't at a competitive advantage to those that got no help.

The new form of securities is expected to be adopted by other banks looking for fresh capital, though analysts have mixed views on their appeal to investors.

Gary Jenkins, head of fixed-income research at Evolution Securities, said the success of Lloyds's exchange doesn't necessarily mean CoCos will take off. "The real test would be if bond investors were prepared to invest in CoCos that were being issued as a new instrument in exchange for cash, rather than for existing impaired bonds," he said.

The bonds Lloyds is exchanging for new debt have been trading below face value because of the bank's financial troubles.

—Margot Patrick, Mark Brown and Ainsley Thomson contributed to this article.

Recent deals encourage issuers to look to 2010

By Lynn Cowan

With a few months of mostly positive IPO performance behind them and only a few weeks left to go in 2009, participants in the U.S. new-issues market are already thinking about the busy new year to come.

Expectations are running high that 2010 could prove to be an active period for initial public offerings. Bankers and lawyers say they are advising a variety of companies that want to come public in the new year, and they expect investor demand to be healthy.

IPO FOCUS

"The pace of dialogue we're having with [pre-IPO companies'] management is off the charts in terms of next year. We initially expected about 100 deals next year, but now would increase that estimate to over 150," says Lisa Carnoy, global head of equity capital markets for Bank of America Merrill Lynch, who expects there to be five to 10 more IPOs in December. So far this year, there have been 45.

Although the past few months haven't been perfect, with a few deals pulled and some pricing and trading poorly, the overall picture is a great deal better than at this time last year, when the IPO market was in the middle of a seven-month period where only two companies went public.

Since Labor Day, Sept. 7, a date most bankers use as a reference point for the beginning of a period of revitalization in American new issuance, a total of 30 companies have gone public. That compares with one during the same period of 2008.

Two-thirds of that batch ended up pricing within their expected ranges or higher, and two-thirds ended their first days of trading above their IPO prices.

"Obviously, if markets stay at this level or higher, there should be good support coming in" for new stocks, says Josef Schuster, founder of IPOX Schuster LLC, a Chicago financial-services firm specializing in IPO products. "The better the overall market is, the better the initial reception for IPOs."

The pipeline of new filings with the Securities and Exchange Commission also continues to grow.

Since early September, 38 companies have filed paperwork to start the IPO process. That compares with eight during the same period of 2008.

Since it can take at least three months for companies to wend their way through the SEC's filing process, most of those companies are tagged to come out in early 2010—provided the broader stock-market environment doesn't take a sustained turn for the worse.

"Frankly, there's been a frenzy of people trying move up in the queue, who want to get out before they are crowded out," says Richard D. Truesdell Jr., an attorney who heads the global capital-markets group at the law firm Davis Polk & Wardwell LLP. "It's all a question of market appetite, and whether the market can continue to absorb transactions," said Mr. Truesdell

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Treasury prices lower ahead of two-year sale

By Emily Barrett

NEW YORK—Treasurys weakened slightly Monday morning ahead of the first round of the week's $116 billion debt auctions.

U.S. CREDIT MARKETS

The coming sale of $44 billion two-year notes is expected to be well bid, in light of the recent powerful demand for the most liquid, short-term government securities. Many investors are drawn to the least risky positions at this late stage of the year, to protect their first significant profits since the financial crisis.

Investors with their eye on the two-year auction may be turned off by the terms, though, with the yield on the current note close to a year low. In late morning trade, the two-year note was down 1/32 point at 100 16/32, yielding 0.739%.

A big factor in the appeal of short-dated Treasurys is the assurance that the target U.S. interest rate will stay exceptionally low for some time yet. St. Louis Fed President James Bullard chimed in Sunday, saying he favors extending the central bank's $1.25 trillion mortgage-bond purchase program beyond its March expiration.

In late morning trade, the 10-year note was down 9/32 point at 99 28/32 to yield 3.3898%.

Psalm's bond sale approaches

By Ditas Lopez

SINGAPORE—The Philippines' **Power Sector Assets & Liabilities Management** Corp., or Psalm, was expected to price as much as $600 million in 2024 bonds later Monday as it seeks fresh capital for general corporate funding, people familiar with the deal said.

BOND MARKETS

The company indicated a yield guidance of around 0.90 percentage point to 1.15 percentage points above comparable Philippine government bonds, according to some investors.

Psalm, which oversees the debt and liabilities of state utility **National Power** Corp., also is offering to issue as much as $600 million in new 2024 bonds and reopened 2019 bonds in exchange for some of its outstanding bonds due in 2010 and 2011.

The Development Bank of the Philippines, Morgan Stanley and UBS are in charge of the transaction.

Japan's bond market was closed for the Labor Thanksgiving holiday.

MAN's chief resigns, plans immediate exit

A Wall Street Journal Roundup

FRANKFURT—Hakan Samuelsson, chief executive of German truck maker **MAN** SE since 2005, has resigned.

Mr. Samuelsson, 58 years old, didn't provide any reason for the decision, but in a written statement Monday the Munich-based company said he was leaving immediately, "at his own request." Georg Pachta-Reyhofen, who heads the unit MAN Diesel SE, was named interim CEO.

The statement added that Mr. Samuelsson hoped his decision would help MAN to "quickly devote all of its attention to its core business and its further development. He is convinced that there should be a fresh start at the highest level of the company."

The statement made no mention of continuing investigations into alleged corruption. MAN said earlier this year that prosecutors were looking into alleged bribery to secure contracts within the company.

There are no allegations against Mr. Samuelsson, a spokesman for Munich-based prosecutors told Dow Jones Newswires. A MAN spokesman told Dow Jones Newswires that the company was unaware of any allegations against Mr. Samuelsson.

Volkswagen AG, MAN's largest shareholder, declined to comment.

Investors appeared to welcome the resignation news, with MAN shares up 3.1% at €61.37 ($91.20) in late-afternoon Frankfurt trading after the announcement.

Mr. Samuelsson joined MAN in July 2000 as chairman of its MAN Nutzfahrzeuge AG unit and was promoted to CEO in January 2005.

Before starting at MAN, he worked for Swedish truck maker Scania AB from 1977 to 2000, joining its executive board in 1996 and overseeing development and production.

In July 2000, he was appointed chairman of the executive board of MAN Nutzfahrzeuge and also a member of the executive board of MAN AG, both in Munich.

In late October, the truck and bus maker said its third-quarter net profit fell 98% from a year earlier to €6 million as demand dropped amid the economic downturn.

FUND SCORECARD

Asia Balanced

These funds have a mandate to balance equity and bond investments for Asia-based investors. The equity component does not exceed 75%. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending November 23, 2009

Leading 10 Performers

FUND RATING*	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US** YTD	1-YR	2-YR	5-YR
2	**Pheim Asia ex-Japan**	Pheim Unit Trusts Berhad	MYR	Malaysia	**73.50**	96.16	-5.51	NS
NS	**ChinaAMC Global Equity Select QDII**	China Asset management Co.,Ltd	CNY	China	**56.35**	88.95	NS	NS
2	**AIG Acorns of Asia Balanced**	AIG Global Invt Corp (SG) Ltd	SGD	Singapore	**55.49**	76.99	-7.47	9.01
3	**PRU Asian Balanced**	Prudential Asset Mgmnt (Singapore) Ltd	SGD	Singapore	**44.25**	69.31	-1.21	8.91
4	**Capital Asia-Pacific Mega-Trend**	Capital Investment Trust Co., Ltd	TWD	Taiwan	**51.77**	67.47	-2.69	NS
NS	**United Asia Active Allocation**	UOB Asset Management Ltd	SGD	Singapore	**48.01**	62.20	-6.55	NS
2	**CMS Asia Pacific Oriental**	CMS Trust Mgt Berhad	MYR	Malaysia	**37.38**	60.54	-6.92	NS
NS	**WIOF Central Asian Opportunities A**	SFM Group International S.A.	USD	Luxembrg	**55.83**	57.77	-27.95	NS
3	**Baring Asia Balanced Acc**	Baring Intl Fund Mngrs (Ireland) Ltd	USD	Ireland	**36.72**	56.35	-8.68	10.33
NS	**OSK-UOB Asia Active Allocation**	OSK-UOB Unit Trust Management Berhad	MYR	Malaysia	**42.25**	54.65	-4.16	NS

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

Source: Morningstar, Ltd
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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	11/20	EUR	54.33	20.5	27.9	-27.7
■ ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	11/20	USD	10.18	24.0	48.8	-15.0
Am Eq Blend B	US	EQ	LUX	11/20	USD	9.57	22.8	47.2	-15.9
Am Growth A	US	EQ	LUX	11/20	USD	30.19	31.8	63.6	-6.4
Am Growth AX	US	EQ	LUX	11/20	USD	32.57	32.5	64.5	-5.8
Am Growth B	US	EQ	LUX	11/20	USD	25.41	30.6	62.0	-7.3
Am Growth C	US	EQ	LUX	11/20	USD	27.33	31.3	62.9	-6.8
Am Growth I	US	EQ	LUX	11/20	USD	33.43	32.8	64.8	-5.6
Am Income A	US	BD	LUX	11/20	USD	8.43	23.8	35.9	5.4
Am Income A2	US	BD	LUX	11/20	USD	18.92	24.3	35.7	5.4
Am Income A2	OT	OT	NA	11/20	HKD	146.64	NS	NS	NS
Am Income AT	OT	OT	NA	11/20	HKD	65.41	NS	NS	NS
Am Income AT	US	BD	LUX	11/20	USD	8.44	24.3	35.8	5.4
Am Income B	US	BD	LUX	11/20	USD	8.43	23.0	34.8	4.6
Am Income B2	US	BD	LUX	11/20	USD	16.32	23.5	34.8	4.7
Am Income B2	OT	OT	NA	11/20	HKD	126.48	NS	NS	NS
Am Income BT	OT	OT	NA	11/20	HKD	65.72	NS	NS	NS
Am Income BT	US	BD	LUX	11/20	USD	8.48	23.5	34.8	4.7
Am Income C	US	BD	LUX	11/20	USD	8.43	23.3	35.2	4.9
Am Income C2	US	BD	LUX	11/20	USD	24.27	23.9	35.2	5.0
Am Income I	US	BD	LUX	11/20	USD	8.43	24.5	36.7	6.1
Am Value A	US	EQ	LUX	11/20	USD	8.38	16.2	52.9	-14.1
Am Value B	US	EQ	LUX	11/20	USD	7.72	15.1	51.4	-14.9
Am Value C	US	EQ	LUX	11/20	USD	8.38	15.6	52.1	-14.5
Am Value I	US	EQ	LUX	11/20	USD	9.01	17.0	54.0	-13.4
Asian Technology A	OT	OT	LUX	11/20	USD	14.46	65.3	103.1	-6.2
Asian Technology B	OT	EQ	LUX	11/20	USD	12.66	63.8	101.3	-7.1
Asian Technology I	OT	EQ	LUX	11/20	USD	16.11	66.4	105.0	-5.4
Emg Mkts Debt A	GL	BD	LUX	11/20	USD	15.60	43.1	63.8	7.9
Emg Mkts Debt A2	GL	BD	LUX	11/20	USD	20.02	43.8	63.7	8.0
Emg Mkts Debt AT	GL	BD	LUX	11/20	USD	15.70	43.9	63.8	8.0
Emg Mkts Debt B	GL	BD	LUX	11/20	USD	15.60	41.9	62.2	6.9
Emg Mkts Debt B2	GL	BD	LUX	11/20	USD	19.30	42.5	62.2	6.9
Emg Mkts Debt BT	GL	BD	LUX	11/20	USD	15.68	42.5	62.1	6.9
Emg Mkts Debt C	GL	BD	LUX	11/20	USD	15.60	42.6	63.1	7.4
Emg Mkts Debt C2	GL	BD	LUX	11/20	USD	19.68	43.2	62.9	7.5
Emg Mkts Debt I	GL	BD	LUX	11/20	USD	15.60	43.7	64.6	8.5
Emg Mkts Growth A	GL	EQ	LUX	11/20	USD	33.34	66.4	104.5	-14.9
Emg Mkts Growth B	GL	EQ	LUX	11/20	USD	28.29	65.0	102.5	-15.7
Emg Mkts Growth C	GL	EQ	LUX	11/20	USD	28.91	65.7	103.6	-15.3
Emg Mkts Growth I	GL	EQ	LUX	11/20	USD	36.92	67.5	106.1	-14.2
Eur Growth A	OT	OT	LUX	11/20	USD	10.11	22.1	32.8	-18.7
Eur Growth A	OT	OT	LUX	11/20	EUR	6.80	22.1	32.8	-18.7
Eur Growth B	OT	OT	LUX	11/20	EUR	6.12	20.9	31.6	-19.5
Eur Growth B	OT	OT	LUX	11/20	USD	9.10	20.9	31.6	-19.5
Eur Growth C	EU	EQ	LUX	11/20	EUR	5.16	21.7	32.3	-19.0
Eur Growth I	OT	OT	LUX	11/20	USD	11.01	22.9	34.0	-18.0
Eur Growth I	OT	OT	LUX	11/20	EUR	7.41	22.9	34.0	-18.0
Eur Income A	OT	OT	LUX	11/20	EUR	6.62	38.5	33.6	3.4
Eur Income A	OT	OT	LUX	11/20	USD	9.84	38.5	33.6	3.4
Eur Income A2	OT	OT	LUX	11/20	EUR	12.83	39.3	33.9	3.4
Eur Income A2	OT	OT	LUX	11/20	USD	19.07	39.3	33.9	3.4
Eur Income AT	EU	BD	LUX	11/20	EUR	6.63	39.1	33.6	3.4
Eur Income B	OT	OT	LUX	11/20	EUR	6.62	37.8	32.8	2.7
Eur Income B	OT	OT	LUX	11/20	USD	9.84	37.8	32.8	2.7
Eur Income B2	OT	OT	LUX	11/20	EUR	11.94	38.4	32.8	2.7
Eur Income B2	OT	OT	LUX	11/20	USD	17.75	38.4	32.8	2.7
Eur Income BT	EU	BD	LUX	11/20	EUR	6.64	38.5	32.9	2.8
Eur Income C	OT	OT	LUX	11/20	EUR	6.62	38.1	33.1	2.9
Eur Income C	OT	OT	LUX	11/20	USD	9.84	38.1	33.1	2.9
Eur Income C2	OT	OT	LUX	11/20	EUR	12.79	38.7	33.2	2.9
Eur Income C2	OT	OT	LUX	11/20	USD	19.01	38.7	33.2	2.9
Eur Income I	OT	OT	LUX	11/20	EUR	6.62	39.1	34.3	4.0
Eur Income I	OT	OT	LUX	11/20	USD	9.84	39.1	34.3	4.0
Eur Strat Value A	OT	OT	LUX	11/20	EUR	8.22	18.1	35.9	-22.2
Eur Strat Value A	OT	OT	LUX	11/20	USD	12.22	18.1	35.9	-22.2
Eur Strat Value I	OT	OT	LUX	11/20	EUR	8.41	19.0	37.0	-21.5
Eur Strat Value I	OT	OT	LUX	11/20	USD	12.50	19.0	37.0	-21.5
Eur Value A	OT	OT	LUX	11/20	USD	13.17	21.7	41.3	-19.3
Eur Value A	OT	OT	LUX	11/20	EUR	8.86	21.7	41.3	-19.3
Eur Value B	OT	OT	LUX	11/20	EUR	8.16	20.5	39.7	-20.1
Eur Value B	OT	OT	LUX	11/20	USD	12.13	20.5	39.7	-20.1
Eur Value C	OT	OT	LUX	11/20	USD	12.74	21.0	40.5	-19.7
Eur Value C	OT	OT	LUX	11/20	EUR	8.57	21.0	40.5	-19.7
Eur Value I	OT	OT	LUX	11/20	USD	15.19	22.4	42.3	-18.6
Eur Value I	OT	OT	LUX	11/20	EUR	10.22	22.4	42.3	-18.6
Gl Balanced (Euro) A	OT	OT	LUX	11/20	USD	16.66	18.2	31.6	-11.6
Gl Balanced (Euro) B	OT	OT	LUX	11/20	USD	16.25	17.1	30.3	-12.5
Gl Balanced (Euro) C	OT	OT	LUX	11/20	USD	16.54	18.0	31.3	-11.8
Gl Balanced (Euro) I	OT	OT	LUX	11/20	USD	16.96	NS	NS	NS
Gl Balanced A	US	BA	LUX	11/20	USD	16.34	22.9	41.5	-10.7
Gl Balanced B	US	BA	LUX	11/20	USD	15.55	21.9	40.0	-11.6
Gl Balanced C	OT	OT	LUX	11/20	USD	16.10	22.6	41.0	-11.0
Gl Balanced C	OT	OT	LUX	11/20	EUR	10.83	22.6	41.0	-11.0
Gl Balanced I	US	BA	LUX	11/20	USD	16.93	23.7	42.4	-10.1
Gl Bond A	US	BD	LUX	11/20	USD	9.31	12.7	18.6	4.6
Gl Bond A2	US	BD	LUX	11/20	USD	16.07	13.1	18.6	4.6
Gl Bond A2	OT	OT	NA	11/20	HKD	124.55	13.1	18.6	4.6
Gl Bond AT	OT	OT	LUX	11/20	HKD	72.23	13.1	18.6	4.6
Gl Bond AT	US	BD	LUX	11/20	USD	9.32	13.1	18.6	4.6
Gl Bond B	US	BD	LUX	11/20	USD	9.31	11.8	17.5	3.5
Gl Bond B2	US	BD	LUX	11/20	USD	14.09	12.1	17.4	3.6
Gl Bond B2	OT	OT	NA	11/20	HKD	109.20	12.1	17.4	3.6
Gl Bond BT	OT	OT	LUX	11/20	HKD	72.47	12.0	17.4	3.6
Gl Bond BT	US	BD	LUX	11/20	USD	9.35	12.0	17.4	3.6
Gl Bond C	US	BD	LUX	11/20	USD	9.31	12.3	18.1	4.1
Gl Bond C2	US	BD	LUX	11/20	USD	13.95	12.6	18.1	4.1
Gl Bond I	US	BD	LUX	11/20	USD	9.31	13.2	19.3	5.2
Gl Conservative A	US	BA	LUX	11/20	USD	14.91	15.7	25.7	-4.0
Gl Conservative A2	US	BA	LUX	11/20	USD	16.87	15.7	25.7	-4.0
Gl Conservative B	US	BA	LUX	11/20	USD	14.88	14.7	24.4	-5.0
Gl Conservative B2	US	BA	LUX	11/20	USD	16.05	14.7	24.4	-5.0
Gl Conservative C	US	BA	LUX	11/20	USD	14.89	15.3	25.1	-4.4
Gl Conservative C2	US	BA	LUX	11/20	USD	16.51	15.3	25.1	-4.4
Gl Conservative I	US	BA	LUX	11/20	USD	14.99	16.6	26.8	-3.2
Gl Eq Blend A	GL	EQ	LUX	11/20	USD	11.47	28.3	58.6	-21.2
Gl Eq Blend B	GL	EQ	LUX	11/20	USD	10.78	27.3	57.1	-22.0
Gl Eq Blend C	GL	EQ	LUX	11/20	USD	11.27	27.8	57.8	-21.5
Gl Eq Blend I	GL	EQ	LUX	11/20	USD	12.09	29.3	59.9	-20.5
Gl Growth A	GL	EQ	LUX	11/20	USD	41.08	27.4	53.1	-22.1
Gl Growth B	GL	EQ	LUX	11/20	USD	34.33	26.3	51.5	-22.8
Gl Growth C	GL	EQ	LUX	11/20	USD	39.44	26.9	52.4	-22.4
Gl Growth I	GL	EQ	LUX	11/20	USD	45.57	28.3	54.3	-21.4
Gl High Yield A	US	BD	LUX	11/20	USD	4.26	55.9	66.3	3.3
Gl High Yield A2	US	BD	LUX	11/20	USD	9.02	56.6	66.1	3.2
Gl High Yield A2	OT	OT	NA	11/20	HKD	69.91	56.6	66.1	3.2
Gl High Yield AT	OT	OT	NA	11/20	HKD	32.78	56.9	66.3	3.2
Gl High Yield AT	US	BD	LUX	11/20	USD	4.23	56.9	66.3	3.2
Gl High Yield B	US	BD	LUX	11/20	USD	4.26	54.2	64.0	2.0
Gl High Yield B2	US	BD	LUX	11/20	USD	14.52	55.3	64.4	2.2
Gl High Yield B2	OT	OT	NA	11/20	HKD	112.53	55.3	64.4	2.2
Gl High Yield BT	OT	OT	NA	11/20	HKD	33.33	55.0	64.4	2.2
Gl High Yield BT	US	BD	LUX	11/20	USD	4.30	55.0	64.4	2.2
Gl High Yield C	US	BD	LUX	11/20	USD	4.26	55.1	65.3	2.7
Gl High Yield C2	US	BD	LUX	11/20	USD	13.38	56.1	65.4	2.8
Gl High Yield I	US	BD	LUX	11/20	USD	4.26	56.8	67.5	4.0
Gl Value A	GL	EQ	LUX	11/20	USD	10.99	29.4	64.5	-20.4
Gl Value B	GL	EQ	LUX	11/20	USD	10.11	28.3	63.1	-21.2
Gl Value C	GL	EQ	LUX	11/20	USD	10.69	29.0	64.0	-20.7
Gl Value I	GL	EQ	LUX	11/20	USD	11.68	30.4	65.9	-19.7
Greater China A	AS	EQ	LUX	11/20	USD	39.53	54.1	92.2	-17.3
Greater China B	AS	EQ	LUX	11/20	USD	35.01	52.7	90.2	-18.2
Greater China C	AS	EQ	LUX	11/20	USD	39.05	53.5	91.2	-17.7
India Growth A	OT	OT	LUX	11/20	USD	122.99	NS	NS	NS
India Growth AX	OT	OT	LUX	11/20	USD	107.48	86.0	97.6	-10.5
India Growth B	OT	OT	LUX	11/20	USD	128.98	NS	NS	NS
India Growth BX	OT	OT	LUX	11/20	USD	91.97	84.4	95.6	-11.4
India Growth I	EA	EQ	LUX	11/20	USD	111.32	86.7	98.4	-10.2
Int'l Health Care A	OT	EQ	LUX	11/20	USD	132.07	12.5	29.0	-10.3
Int'l Health Care B	OT	EQ	LUX	11/20	USD	111.52	11.5	27.8	-11.2
Int'l Health Care C	OT	EQ	LUX	11/20	USD	126.64	12.0	28.5	-10.7
Int'l Health Care I	OT	EQ	LUX	11/20	USD	144.17	13.3	30.1	-9.5
Int'l Technology A	OT	EQ	LUX	11/20	USD	103.50	41.5	68.3	-13.4
Int'l Technology B	OT	EQ	LUX	11/20	USD	89.78	40.2	66.6	-14.3
Int'l Technology C	OT	EQ	LUX	11/20	USD	100.07	40.9	67.5	-13.8
Int'l Technology I	OT	EQ	LUX	11/20	USD	115.95	42.5	69.6	-12.7
Japan Eq Blend A	JP	EQ	LUX	11/20	JPY	5430.00	1.2	20.7	-26.4
Japan Eq Blend B	JP	EQ	LUX	11/20	JPY	5245.00	0.3	19.5	-27.2
Japan Eq Blend C	JP	EQ	LUX	11/20	JPY	5346.00	0.8	20.2	-26.8
Japan Growth A	JP	EQ	LUX	11/20	JPY	5362.00	-3.6	10.6	-26.8
Japan Growth B	JP	EQ	LUX	11/20	JPY	5179.00	-4.5	9.5	-27.6
Japan Growth C	JP	EQ	LUX	11/20	JPY	5279.00	-4.0	10.1	-27.2
Japan Strat Value A	JP	EQ	LUX	11/20	JPY	5485.00	6.4	31.1	-26.3
Japan Strat Value B	JP	EQ	LUX	11/20	JPY	5303.00	5.4	29.8	-27.0
Japan Strat Value C	JP	EQ	LUX	11/20	JPY	5396.00	5.9	30.5	-26.6
Real Estate Sec. A	OT	EQ	LUX	11/20	USD	13.80	29.3	78.5	-17.3
Real Estate Sec. B	OT	EQ	LUX	11/20	USD	12.63	28.2	76.6	-18.1
Real Estate Sec. I	OT	EQ	LUX	11/20	USD	14.82	30.2	79.9	-16.6
Short Mat Dollar A	US	BD	LUX	11/20	USD	7.22	10.3	11.3	-6.9
Short Mat Dollar A2	US	BD	LUX	11/20	USD	9.68	10.5	11.1	-6.9
Short Mat Dollar AT	US	BD	LUX	11/20	USD	7.22	10.6	11.3	-6.9
Short Mat Dollar B	US	BD	LUX	11/20	USD	7.22	9.9	10.8	-7.3
Short Mat Dollar B2	US	BD	LUX	11/20	USD	9.64	10.0	10.7	-7.3
Short Mat Dollar BT	OT	OT	LUX	11/20	USD	7.23	9.4	10.1	-7.6
Short Mat Dollar C	US	BD	LUX	11/20	USD	7.22	9.9	10.8	-7.3
Short Mat Dollar C2	US	BD	LUX	11/20	USD	13.63	10.1	10.7	-7.3
Short Mat Dollar I	US	BD	LUX	11/20	USD	7.22	10.8	11.9	-6.4

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	10/30	USD	1642.69	69.6	71.6	NS
■ CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	11/18	USD	118.51	18.5	18.1	9.6
■ PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	09/30	USD	94.24	12.2	-6.9	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	09/30	USD	108.96	6.0	3.6	-31.0
Platinm-Emancipation	OT	OT	USA	09/30	USD	96.83	29.4	0.4	-7.7
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	09/30	USD	59.71	27.4	-18.1	-32.3
Platinm-Nordic	OT	OT	CYM	09/30	SEK	591.49	8.4	-6.2	-19.0
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	09/30	USD	55.93	NS	8.3	-39.0

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	11/17	USD	48.56	-41.7	-36.9	5.5
Superfund GCT USD*	GL	EQ	LUX	11/17	USD	2508.00	-31.3	-29.0	4.8
Superfund Green Gold A (SPC)	OT	OT	CYM	11/17	USD	1108.42	-4.7	15.9	18.1
Superfund Green Gold B (SPC)	OT	OT	CYM	11/17	USD	1123.95	-16.6	2.5	16.7
Superfund Q-AG*	OT	OT	AUT	11/17	EUR	7118.00	-18.8	-16.4	7.2
■ WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	10/30	EUR	939.64	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	10/30	GBP	943.02	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	10/30	USD	1189.62	-6.2	-1.5	3.1
Winton Futures EUR Cls C	OT	OT	VGB	10/30	EUR	192.39	-6.5	0.0	7.8
Winton Futures GBP Cls D	OT	OT	VGB	10/30	GBP	207.72	-6.4	0.6	8.9
Winton Futures JPY Cls E	OT	OT	VGB	10/30	JPY	13589.60	-7.9	-1.6	4.9
Winton Futures USD Cls B	OT	OT	VGB	10/30	USD	682.02	-7.0	-0.3	7.5

Allianz Global Investors

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	11/20	EUR	49.93	28.4	50.5	-11.5
Industria AE	EU	EQ	DEU	11/20	EUR	69.10	32.0	39.8	-17.0
InternRent AE	EU	BD	DEU	11/20	EUR	35.07	3.2	-1.0	9.0

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com or Peter Jennings, tel: +44-20-7842-9674; email: peter.jennings@dowjones.com

MARKETS

Housing news, oil gains bring a rally for stocks

By Donna Kardos Yesalavich

U.S. stocks moved higher Monday morning after news that home resales jumped far more than expected in October, adding to the market's excitement over a statement from a Federal Reserve member that the U.S. should continue buying mortgage-backed securities past the first quarter of 2010.

The gains in stocks were led by the energy and materials sectors as crude-oil and metals futures climbed, while the dollar fell.

ABREAST OF THE MARKET

Early afternoon in New York, the Dow Jones Industrial Average was up 135.28 points, or 1.3%, to 10453.44. All but three of its 30 components were in the black, and those in negative territory were marginally weaker. **Chevron** was the measure's best performer, climbing 2.9% as crude oil gained. Other top gainers included **Caterpillar**, which rose 2.1%, and **American Express**, up 1.6%.

The technology-heavy Nasdaq Composite climbed 1.4%. The Standard & Poor's 500-stock index rose 1.4%.

The National Association of Realtors said home resales increased by 10.1% to an annual rate of 6.10 million from 5.54 million in September. Economists surveyed by Dow Jones Newswires expected a 2.3% increase in sales during October.

"These numbers are much greater than anybody anticipated," said Kent Engelke, chief economic strategist at Capitol Securities Management. "I really believe this data is suggesting we have turned the corner in housing."

That encouraged investors to move even more strongly into riskier assets Monday as they bet that the Federal Reserve will keep controversial programs in place to support financial markets for longer than anticipated.

James Bullard, president of the Federal Reserve Bank of St. Louis, said Sunday that the U.S. should continue buying mortgage-backed securities past the first quarter of 2010, when asset purchases are due to end.

European stocks

In Europe, rising gold prices boosted shares of mining firms, and upbeat data fueled optimism about the economy.

The pan-European Stoxx 600 index closed up 4.75 points, or 2%, at 248.37, while in London, the FTSE 100 index rose 1.9% to 5351.56. In Paris, the CAC 40 index rose 2.1% to 3806.99. Germany's DAX gained 2.3% to close at 5795.84.

Cadbury stock closed up 1.7% as speculation mounted that the chocolate maker could become the target of a bidding war among confectionary companies.

Shares of **Randgold Resources** rose 3.4% and copper miner **Kazakhmys** climbed 4.3%.

Risk-taking leaves dollar weak vs. Euro

By Fabio Alves

The euro rose Monday amid a broad rally in riskier assets, fueled by comments from a Federal Reserve official that hurt demand for the dollar.

But despite a strong early performance by U.S. stocks, the euro couldn't push past the $1.50 mark.

Late morning in New York, the euro was at $1.4975 from $1.4862 late Friday. The dollar was at 89.01 yen from 89.03 yen, while the euro was at 133.26 yen from 132.32 yen. The U.K. pound was at $1.6613 from $1.6509 and the dollar was at 1.0089 Swiss francs from 1.0175 francs.

CURRENCY MARKETS

Kathy Lien, director of currency research at GFT Forex in New York, said that "$1.50 is a huge contention point" for the market. "There's a lot of orders sitting at the $1.50 level; a lot of option barriers...that we're seeing at that level."

Volumes were thin due to the Labor Thanksgiving Day holiday in Japan and a shorter week in the U.S. because of Thursday's Thanksgiving holiday.

In an interview Sunday, Federal Reserve Bank of St. Louis President James Bullard said he would prefer to keep the central bank's asset-buying program active beyond its cutoff date to give policy makers more flexibility as they seek to shepherd the economy toward recovery.

Mine shares ride higher on surge in gold price

By Colin Ng And Matthew Allen

Most major Asian markets rose Monday, as metals stocks were bolstered by an increase in gold prices to fresh records.

Chinese banks jumped in Hong Kong after a researcher under China's State Council reportedly said the Chinese economy was likely to expand more than 10% in the fourth quarter from a year earlier. Gains in **Reliance Industries** boosted Indian shares after the market heavyweight announced a bid for Dutch chemicals company **LyondellBasell Industries**.

ASIAN-PACIFIC STOCKS

Hong Kong's Hang Seng Index rose 1.4% to 22771.39, its first advance in five sessions, while China's Shanghai Composite rose 0.9% to 3338.66. Japanese markets were closed for Labor Thanksgiving Day. India's Sensex rose 0.9% to 17180.18.

Metals stocks jumped across the region on a climb in gold prices. Shares of **Zijin Mining Group** advanced 4.8% in Hong Kong and 2.2% in Shanghai, while **Newcrest Mining** rose 3.2% and **Lihir Gold** added 3.4% in Sydney.

Coal producers moved higher on rising international coal prices, while base-metal prices advanced after copper prices set a 2009 high. **China Coal Energy** rose 2% in Hong Kong and 0.7% in Shanghai, while **Macarthur Coal** rose 4.2% in Sydney. Among base-metal stocks, **Jiangxi Copper** advanced 3.5% in Hong Kong and 2.7% in Shanghai.

Chinese banks climbed sharply after state-run Shanghai Securities News cited a researcher at the State Council's Development Research Center as saying the country's economic-growth rate will top 10% in the fourth quarter due to a low base of comparison from last year.

In Hong Kong, **Industrial & Commercial Bank of China** rose 3.3%, **China Construction Bank** jumped 4.1% and **Bank of China** added 1.9%.

In Shanghai, stocks were mixed amid investor caution ahead of China's annual economic planning meeting at the end of this month. CCB rose 0.3% and Bank of China inched up 0.2%, while ICBC slipped 0.2%.

In Mumbai, Reliance Industries rose 3.3% after announcing a nonbinding bid for LyondellBasell. A person familiar with the matter told The Wall Street Journal the bid amount was around $12 billion; neither company disclosed the value.

James Hardie Industries, the largest maker of U.S. home siding, surged 6.4% in Sydney after the company posted stronger-than-expected second-quarter net operating profit.

In Seoul, **Hana Financial** rose 0.5% after Chairman Kim Seung-yu said Sunday that the company was interested in acquiring Korea Exchange Bank. KEB added 1.4%.

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GAM

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	11/13	USD	1248.56	23.2	4.8	-9.0
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	11/16	JPY	14941.40	59.4	61.0	NS
GAM Asia Equity Hedge US	OT	OT	VGB	11/16	USD	282.18	61.7	64.5	-0.5
GAM Asia Equity USD	OT	OT	VGB	11/20	USD	636.81	58.6	94.4	-14.9
GAM Asia-Pacific Eq USD	OT	OT	VGB	11/17	USD	1254.50	16.8	16.8	-16.1
GAM Com Glb Bal EUR Op	US	BA	VGB	11/16	EUR	92.88	15.7	16.1	-9.3
GAM Com Glb Bal USD Op	US	BA	VGB	11/16	USD	128.35	15.7	16.1	-9.3
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	11/16	EUR	94.61	22.6	22.8	-16.2
GAM Comp Glb Eq USD Op	GL	EQ	VGB	11/16	USD	128.03	22.6	22.8	-16.2
GAM Comp Glb Gr EUR Op	US	BA	VGB	11/16	EUR	83.34	16.0	16.6	-13.5
GAM Comp Glb Gr USD Op	US	BA	VGB	11/16	USD	127.44	16.0	16.6	-13.5
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	11/13	USD	243.20	33.5	33.9	-13.1
GAM Cross Trading Inc	OT	OT	VGB	11/16	USD	467.19	6.8	NS	NS
GAM Diversity CHF Op	OT	OT	VGB	11/16	CHF	94.49	4.4	0.9	-7.5
GAM Diversity EUR Op	OT	OT	VGB	11/16	EUR	649.59	5.3	2.0	-5.8
GAM Diversity USD 2.5XL	OT	OT	VGB	10/30	USD	76.73	6.4	-4.0	-22.6
GAM Diversity USD Op	OT	OT	VGB	11/16	USD	682.16	5.3	NS	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	11/16	CHF	99.79	4.3	NS	NS
GAM Dvrsty II EUR Op	OT	OT	VGB	11/16	EUR	139.10	4.8	1.5	-5.8
GAM Dvrsty II USD Op	OT	OT	VGB	11/16	USD	210.75	4.9	NS	-6.1
GAM DvrstyIII EUR Op	OT	OT	VGB	10/30	EUR	114.70	3.8	-0.4	-6.5
GAM DvrstyIII USD Op	OT	OT	VGB	10/30	USD	121.09	3.8	-0.1	-6.6
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	11/16	EUR	211.25	7.1	4.0	-6.3
GAM Euro Eq Hdg USD Op	OT	OT	VGB	11/16	USD	196.60	7.9	5.5	-4.7
GAM European Equity USD	OT	OT	VGB	11/19	USD	301.43	28.2	47.0	-12.7
GAM GAMCO	OT	EQ	VGB	11/17	USD	808.83	39.4	48.2	-12.2
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	10/30	EUR	97.64	13.2	12.7	-17.5
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	11/16	USD	105.57	16.6	12.4	-14.8
GAM Gbl Divers USD Inc.	GL	EQ	VGB	11/16	USD	253.75	24.3	25.4	-8.4
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	10/30	USD	261.34	83.0	110.2	5.2
GAM Intrst Trend II	GL	BD	VGB	11/16	USD	96.36	45.8	42.9	-12.1
GAM Intrst Trend Inc	OT	OT	VGB	11/16	USD	254.22	59.6	55.9	-8.1
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	11/16	EUR	112.44	5.3	-3.8	-8.0
GAM Japan Eq Hdg USD Op	OT	OT	VGB	11/16	USD	117.57	4.5	-3.1	NS
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	10/30	JPY	8507.22	10.3	23.5	-21.8
GAM Japan USD	JP	EQ	VGB	11/20	USD	1027.91	-0.7	17.5	-18.9
GAM Japan YEN	JP	EQ	VGB	11/20	JPY	8063.51	0.7	15.2	-25.4
GAM Money Mkt EuroOp	EU	MM	VGB	11/19	EUR	51.20	0.1	0.3	1.9
GAM Money Mkt USD	US	MM	VGB	11/19	USD	100.03	0.0	0.0	1.1
GAM Multi-Arb EUR Op	OT	OT	VGB	11/16	EUR	113.39	1.2	-4.0	-9.1
GAM Multi-Arb USD Op	OT	OT	VGB	10/30	USD	118.02	1.1	-5.6	-9.4
GAM Multi-China EUR Op	OT	OT	VGB	10/30	EUR	159.17	7.2	7.9	-15.9
GAM Multi-China USD Op	OT	OT	VGB	10/30	USD	167.40	7.8	8.4	4.1
GAM Multi-Emer Mkts GBP	OT	OT	VGB	10/30	GBP	127.90	22.3	20.4	-4.2
GAM Multi-Emer Mkts USD	OT	OT	VGB	11/16	USD	645.17	24.5	20.2	-3.5
GAM Multi-Eur EUR Op	OT	OT	VGB	10/30	EUR	265.40	5.7	5.1	-12.5
GAM Multi-Eur II EUR Op	OT	OT	VGB	11/16	EUR	138.42	7.1	6.2	-11.4
GAM Multi-Eur II USD Op	OT	OT	VGB	11/16	USD	113.25	6.8	5.5	-12.5
GAM Multi-Eur USD Op	OT	OT	VGB	10/30	USD	462.12	5.5	4.6	-13.5
GAM Multi-Nth Am EUR Special	OT	OT	VGB	11/16	EUR	132.94	11.5	NS	NS
GAM Multi-Nth Am USD Special	OT	OT	VGB	11/16	USD	216.60	11.9	11.3	NS
GAM Multi-Pac EUR Op	GL	EQ	VGB	10/30	EUR	140.15	2.8	2.4	-6.4
GAM Multi-Pac USD Op	OT	OT	VGB	11/16	USD	164.33	4.5	4.2	-5.7
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	11/13	USD	2501.05	60.7	55.1	7.7
GAM Sing/Malaysia	AS	EQ	VGB	11/20	USD	2455.09	47.8	57.0	-11.7
GAM Sterling Spe Bd Inc	OT	OT	VGB	11/16	GBP	240.02	38.9	34.4	1.3
GAM Trading EUR Inc	OT	OT	VGB	11/16	EUR	326.02	6.6	7.6	7.3
GAM Trading USD Inc	OT	OT	VGB	11/16	USD	975.72	6.8	7.7	6.8
GAM Trdg II IncEUR Op	OT	OT	VGB	11/16	EUR	139.48	6.6	7.6	7.2
GAM Trdg II IncUSD Op	OT	OT	VGB	11/16	USD	316.82	6.8	7.7	6.8
GAM Trdg IV IncEUR Op	OT	OT	VGB	11/16	EUR	147.18	6.3	7.5	6.9
GAM Trdg IV IncUSD Op	OT	OT	VGB	11/16	USD	154.95	6.6	7.5	6.7
GAM Trdg V IncEUR Op	OT	OT	VGB	10/30	EUR	124.10	5.8	6.6	7.1
GAM Trdg V IncUSD Op	OT	OT	VGB	10/30	USD	129.23	5.9	7.1	6.8
GAM TrdgIII IncEUR Op	OT	OT	VGB	11/16	EUR	157.37	6.4	7.6	7.0
GAM TrdgIII IncUSD Op	OT	OT	VGB	11/16	USD	162.96	6.6	7.5	6.7
GAM USDSpecBondInc	US	BD	VGB	11/16	USD	524.98	72.7	69.3	5.8
GAM Worldwide	GL	EQ	VGB	11/19	USD	2249.01	25.5	42.3	-9.7
GAMut Investments	OT	OT	VGB	11/18	USD	7653.57	5.4	8.0	7.8

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	11/19	CHF	10.50	48.4	51.4	-18.9
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	11/19	EUR	11.12	48.7	54.4	-14.9
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	11/19	GBP	1.48	39.6	65.6	-4.7
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	11/19	USD	13.04	59.0	84.7	-13.9
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	11/19	EUR	94.30	11.6	12.0	-16.5
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	11/19	EUR	91.26	11.6	12.0	-16.5
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	11/19	EUR	10.54	19.8	24.2	-12.0
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	11/19	EUR	177.93	21.5	24.6	-13.9
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	11/19	EUR	162.58	21.4	24.6	-13.9
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	11/19	USD	16.18	29.7	48.9	-12.9
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	11/19	USD	14.67	29.6	48.9	-12.9
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	11/16	USD	5.89	25.1	18.9	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	11/19	EUR	80.50	-1.1	0.5	-16.3
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	11/19	EUR	80.51	-1.1	0.5	-16.3
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	11/19	JPY	842.31	0.5	7.3	-24.9
GAMStar-JpnEq USD Acc	JP	EQ	IRL	11/19	USD	10.37	-1.4	10.3	-18.7
GAMStar-World EqUSD Acc	GL	EQ	IRL	11/19	USD	2226.24	26.5	43.5	-9.2

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EFG-Hermes Egypt	GL	EQ	BMU	10/30	USD	43.54	25.9	29.9	-14.4
EFG-Hermes MEDA*	GL	EQ	BMU	09/30	USD	24.16	15.3	-17.3	-10.4
EFG-Hermes Saudi Arabia Equity	EA	EQ	SAU	10/27	SAR	6.27	32.3	11.2	NS
EFG-Hermes Telecom	OT	EQ	BMU	09/30	USD	29.73	16.0	-0.1	-8.2

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LG Antenna	GL	EQ	BMU	11/13	USD	58.83	72.3	75.0	-12.7
LG Asian Plus	AS	EQ	CYM	11/06	USD	54.16	43.3	41.3	-24.1
LG AsianSmallerCo's	AS	EQ	BMU	11/20	USD	91.24	65.4	97.3	-23.8
LG India	EA	EQ	MUS	11/19	USD	62.73	96.6	102.3	-15.9

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American Growth	US	EQ	LUX	11/23	USD	14.57	22.1	33.3	-13.7
American Growth AA	US	EQ	LUX	11/23	USD	0.84	21.8	34.0	-8.1
Asian Equity	AS	EQ	LUX	11/23	USD	2.43	61.0	91.1	-10.8
Asian Equity AA	AS	EQ	LUX	11/23	USD	0.78	60.5	90.5	-11.1
Asian Sm Cap Equity AA	AS	EQ	LUX	11/23	USD	1.12	84.7	115.1	-7.8
China Value A	AS	EQ	LUX	11/23	USD	7.07	62.6	91.2	-7.7
China Value AA	AS	EQ	LUX	11/23	USD	2.22	62.2	90.7	-7.9
Dragon Growth	AS	EQ	LUX	11/23	USD	1.65	65.9	93.0	-10.2
Dragon Growth AA	OT	OT	LUX	11/23	HKD	8.01	65.8	91.8	-11.3
Emg Eastrn Europe A	EU	EQ	LUX	11/23	USD	4.60	92.6	127.3	-17.1
Emg Eastrn Europe AA	EU	EQ	LUX	11/23	USD	1.98	92.3	126.9	-17.2
European Growth	EU	EQ	LUX	11/23	USD	9.29	41.4	71.5	-18.1
European Growth AA	EU	EQ	LUX	11/23	USD	0.66	41.1	71.1	-18.9
Global Contrarain AA	GL	EQ	LUX	11/20	USD	0.86	78.5	114.9	NS
Global Property AA	OT	EQ	LUX	11/23	USD	0.65	41.8	76.7	-16.6
Global Resources AA	OT	EQ	LUX	11/23	USD	1.10	55.4	112.8	-9.7
Healthcare AA	OT	EQ	LUX	11/20	USD	0.90	9.6	19.8	NS
India Equity AA	EA	EQ	LUX	11/23	USD	1.07	74.4	100.0	-17.9
International Growth	GL	EQ	LUX	11/23	USD	3.02	20.5	36.8	-15.9
International Growth AA	GL	EQ	LUX	11/23	USD	0.70	20.2	36.5	-16.1
Japanese Growth	JP	EQ	LUX	11/23	USD	2.61	0.7	21.7	-17.2
Japanese Growth AA	JP	EQ	LUX	11/23	USD	0.68	0.4	21.4	-17.5
Latin America Equity AA	GL	EQ	LUX	11/23	USD	1.24	98.0	123.2	-5.7
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	11/23	USD	1.11	NS	NS	NS
Russia Equity AA	EE	EQ	LUX	11/23	USD	0.66	137.1	173.3	-19.5
Taiwan Equity AA	AS	EQ	LUX	11/23	USD	1.02	74.0	105.4	-3.0
Turkey Equity AA	EE	EQ	LUX	11/23	USD	0.66	83.8	151.1	-16.7
U.S. Bond AA	US	BD	LUX	11/23	USD	1.11	17.8	22.7	7.6
U.S. High Yield Bond AA	US	BD	LUX	11/23	USD	0.73	63.7	72.0	-6.1
U.S. Sm Cap Equity AA	US	EQ	LUX	11/23	USD	0.77	61.1	75.5	-15.6
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	11/23	USD	1.15	9.3	14.4	4.0

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Indonesian Grth Fund	EA	EQ	CYM	11/18	USD	124.03	115.0	136.5	-4.2

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Asia Value Formula Fd-B	AS	EQ	CYM	11/20	USD	7.84	82.8	124.0	-7.7

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Bonds Eur Hi Yld A	EU	BD	LUX	11/19	EUR	20.26	52.4	48.7	-2.6
Bonds EURO A	EU	BD	LUX	11/19	EUR	41.33	4.7	7.5	5.2
Bonds EUROPE A	EU	BD	LUX	11/20	EUR	39.33	3.8	5.2	4.2
Bonds US OppsCoreplus A	US	BD	LUX	11/19	USD	37.03	17.4	22.2	8.9
Bonds World A	GL	BD	LUX	11/19	USD	43.74	9.8	18.8	7.9
Eq. China A	AS	EQ	LUX	11/20	USD	24.01	60.7	99.7	-16.0
Eq. ConcentratedEuropeA	EU	EQ	LUX	11/19	EUR	26.15	26.9	36.5	-18.9
Eq. Eastern Europe A	EU	EQ	LUX	11/19	EUR	22.47	70.1	69.3	-27.3
Eq. Euroland A	EU	EQ	LUX	11/19	EUR	10.44	13.9	21.5	-21.6
Eq. EurolandCyclclsA	EU	EQ	LUX	11/19	EUR	17.02	23.9	35.2	-17.0
Eq. EurolandFinancialA	OT	EQ	LUX	11/20	EUR	11.45	35.9	51.2	-20.0
Eq. Glbl Emg Cty A	GL	EQ	LUX	11/19	USD	9.59	60.5	94.7	-15.8
Eq. Global A	GL	EQ	LUX	11/20	USD	27.25	29.5	52.1	-14.6
Eq. Global Energy A	OT	EQ	LUX	11/19	USD	18.02	26.4	35.4	-13.3
Eq. Global Technol A	OT	OT	LUX	04/24	USD	4.46	22.1	-29.7	-21.6
Eq. Gold Mines A	OT	EQ	LUX	11/20	USD	32.21	54.0	169.7	4.9
Eq. Pacific A	AS	EQ	LUX	11/20	USD	10.15	59.1	89.0	-14.2
Eq. US Lg Cap Gr A	US	EQ	LUX	11/19	USD	14.79	37.2	48.6	-13.0
Eq. US Rel Val A	US	EQ	LUX	11/20	USD	20.03	29.7	48.7	-16.1
Eq. US Sm Cap Val A	US	EQ	LUX	11/20	USD	14.87	15.1	38.2	-22.0
Money Market EURO A	EU	MM	LUX	11/19	EUR	27.39	1.0	1.4	2.9
Money Market USD A	US	MM	LUX	11/19	USD	15.83	0.5	0.8	2.0

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TNI Mena Real Estate Fund	OT	OT	BMU	11/12	USD	1059.47	12.7	NS	NS
TNI MENA Special Sits Fund	OT	OT	BMU	10/29	USD	1139.93	17.4	NS	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	11/12	AED	6.39	39.4	-4.9	-22.9

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*formerly known as China ABH Shares Fund

Intel-Chin MainInd Foc	AS	EQ	CYM	11/16	USD	29.76	85.5	NS	-0.4
Intel-China Converg*	AS	EQ	CYM	11/16	USD	114.18	87.4	NS	-1.9
VP Classic - A	AS	EQ	CYM	11/20	USD	182.53	79.1	104.1	-5.1
VP CLassic - B	AS	EQ	CYM	11/20	USD	85.12	78.3	103.2	-5.6
VP High Dividend Stk	AS	EQ	CYM	11/16	USD	44.82	80.4	87.7	-2.4

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■ YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	11/20	JPY	8532.00	-0.8	6.8	-30.0
YMR-N Small Cap Fund	OT	OT	IRL	11/20	JPY	6574.00	2.4	11.8	-28.9

■ Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	11/20	JPY	5603.00	-5.1	4.0	-31.1
Yuki 77 Growth	JP	EQ	IRL	11/20	JPY	5299.00	-10.4	-5.1	-35.7

■ Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	11/20	JPY	6192.00	-0.8	6.8	-28.2
Yuki Chugoku JpnLowP	JP	EQ	IRL	11/20	JPY	7037.00	-14.1	-6.0	-27.7

■ Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	11/20	JPY	4189.00	-7.9	-1.2	-31.7
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	11/20	JPY	4868.00	-7.8	-3.6	-24.2
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	11/20	JPY	4793.00	1.9	10.6	-27.2

■ Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	11/20	JPY	3962.00	-6.8	-0.8	-34.7
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	11/20	JPY	4242.00	-5.6	-0.7	-34.7
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	11/20	JPY	6233.00	2.2	10.2	-29.5
Yuki Mizuho Jpn Gen	OT	OT	IRL	11/20	JPY	7752.00	-3.4	4.6	-30.4
Yuki Mizuho Jpn Gro	OT	OT	IRL	11/20	JPY	5853.00	-6.4	1.2	-32.3
Yuki Mizuho Jpn Inc	OT	OT	IRL	11/20	JPY	7028.00	-11.6	-4.7	-27.1
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	11/20	JPY	4711.00	-5.5	1.5	-30.1
Yuki Mizuho Jpn LowP	OT	OT	IRL	11/20	JPY	10667.00	-5.9	2.5	-24.2
Yuki Mizuho Jpn PGth	OT	OT	IRL	11/20	JPY	7291.00	-4.6	2.0	-34.1
Yuki Mizuho Jpn SmCp	OT	OT	IRL	11/20	JPY	6642.00	8.3	17.0	-29.2
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	11/20	JPY	5202.00	0.2	10.9	-26.0
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	11/20	JPY	2621.00	9.8	13.8	-33.7

■ Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	11/20	JPY	4887.00	-4.2	3.7	-31.3

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com or Peter Jennings, tel: +44-20-7842-9674; email: peter.jennings@dowjones.com

BLUE CHIPS & BONDS

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Brazil	2.17%	**104.3%**	145.6%
Russia	2.28	**102.2**	98.3
China 88	0.65	**88.0**	83.6
Turkey	0.77	**65.1**	82.7
Singapore	1.39	**61.1**	75.8
Hong Kong	1.53	**54.6**	82.4
Sweden	2.61	**52.5**	61.4
South Korea	-0.11	**48.0**	72.8
Netherlands	2.27	**35.6**	37.6
Canada	1.23	**29.8**	38.2
Australia	0.58	**26.4**	35.9
Switzerland	2.17	**23.5**	28.6
South Africa	1.83	**20.8**	38.7
U.K.	2.28	**20.7**	29.2
Italy	1.88	**20.7**	18.3
France	2.44	**19.3**	22.0
Spain	1.70	**17.4**	23.6
Germany	2.55	**15.4**	21.5
Japan	unch.	**-1.7%**	5.3

Dow Jones Regional Sector Titans

Basic Res	3.47%	**82.3%**	105.0%
Tiger 50*	1.29	**59.4**	90.0
Technology	1.66	**51.1**	59.0
Nordic 30 -p	-0.41	**36.6**	50.4
EU Enlarged†-p	-0.08	**36.1**	44.3
Asian 50	1.01	**28.9**	49.0
Global 50	0.86	**20.5**	25.9
Stoxx 50 -p	-0.83	**18.4**	30.3
Euro Stoxx 50 -p	-0.95	**15.7**	30.8
Arab 50	0.59	**5.4**	9.2

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Monday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
China Constr Bk	Hong Kong	Banks	$214.6	7.40	**4.08%**	97.3%	82.7%
RioZim Ltd	Australia	General Mining	41.5	73.78	**3.59**	56.3	25.4
Indl Comm Bk China	Hong Kong	Banks	74.7	6.97	**3.26**	108.1	75.6
China Life Ins	Hong Kong	Life Insurance	37.8	39.40	**2.47**	105.0	103.9
Hon Hai Precision Ind	Taiwan	Electrical Components Equipment	36.5	138.00	**2.22**	177.9	-8.4
National Australia Bk	Australia	Banks	$54.2	28.40	**-1.01%**	51.1	-25.9
Westfield Grp	Australia	Retail REITs	25.8	12.24	**-0.89**	-6.3	-37.6
Westpac Bking	Australia	Banks	65.1	24.15	**-0.21**	46.4	-0.4
CNOOC	Hong Kong	Exploration Production	72.3	12.54	**-0.16**	143.0	83.3
China Mobile (HK)	Hong Kong	Mobile Telecommunications	196.5	76.60	**-0.07**	16.1	13.8

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
KB Fncl Group South Korea (Banks)	21.1	63,200	**1.44%**	185.1%	-11.1%
BHP Billiton Australia (General Mining)	125.7	40.46	**1.07**	73.1	54.3
Shinhan Financial Grp South Korea (Banks)	20.4	49,550	**0.81**	96.8	14.3
Aus NZ Bk Australia (Banks)	50.8	21.90	**0.69**	69.8	-21.7
Hutchison Whampoa Hong Kong (Diversified Industrials)	29.6	53.85	**0.65**	57.0	-26.9
PetroChina Hong Kong (Integrated Oil Gas)	27.3	10.02	**0.60**	81.9	3.1
Samsung Elec South Korea (Semiconductors)	97.2	759,000	**0.53**	72.5	18.2
Cheung Kong (Hldgs) Hong Kong (Real Estate Holding Development)	29.1	97.20	**0.52**	48.1	1.9
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	38.4	116.00	**0.52**	124.4	26.0
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	49.8	62.00	**0.49**	67.1	-2.6
Woolworths Australia (Food Retailers Wholesalers)	32.0	28.08	**0.29**	12.3	30.7
POSCO South Korea (Iron Steel)	36.6	556,000	**0.18**	86.9	92.7
Commonwealth Bk of Australia Australia (Banks)	74.3	52.80	**0.08**	74.7	10.7
QBE Ins Grp Australia (Reinsurance)	21.0	22.65	**0.04**	-0.4	-9.6
Woodside Petroleum Australia (Exploration Production)	32.0	48.71	**0.04**	62.0	33.6
Mitsubishi UFJ Finl Grp Japan (Banks)	61.3	471.00	**...**	-4.3	-66.4
Canon Japan (Electronic Office Equipment)	47.2	3,400	**...**	26.2	-43.2
KDDI Japan (Mobile Telecommunications)	23.0	462,000	**...**	-17.9	-40.5
Mizuho Financial Grp Japan (Banks)	25.0	158.00	**...**	-30.4	-80.9
East Japan Railway Japan (Travel Tourism)	26.1	5,800	**...**	-20.0	-28.5

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Honda Motor Japan (Automobiles)	56.0	2,725	**...**	39.8%	-32.6%
Japan Tobacco Japan (Tobacco)	26.7	247,300	**...**	-24.8	-52.6
Kansai Elec Power Japan (Conventional Electricity)	21.8	2,030	**...**	-21.5	-28.5
Panasonic Japan (Consumer Electronics)	27.0	1,160	**...**	-17.0	-48.0
Mitsubishi Japan (Industrial Suppliers)	35.1	1,899	**...**	82.3	-8.3
Mitsui Japan (Industrial Suppliers)	23.2	1,138	**...**	51.1	-24.6
NTT DoCoMo Japan (Mobile Telecommunications)	62.3	129,900	**...**	-15.7	-27.0
Nintendo Japan (Toys)	31.6	21,990	**...**	-23.4	-16.8
Nippon Steel Japan (Iron Steel)	22.5	318.00	**...**	17.8	-35.0
Nippon T&T Japan (Fixed Line Telecommunications)	54.2	3,640	**...**	-11.4	-37.0
Nissan Motor Japan (Automobiles)	31.6	621.00	**...**	79.0	-55.3
Seven I Hldgs Japan (Broadline Retailers)	19.9	1,959	**...**	-29.5	-44.7
Shin-Etsu Chml Japan (Specialty Chemicals)	22.3	4,670	**...**	22.9	-37.1
Sony Japan (Consumer Electronics)	27.0	2,410	**...**	24.9	-47.3
Takeda Pharm Japan (Pharmaceuticals)	31.4	3,540	**...**	-22.0	-52.8
Tokyo Elec Power Japan (Conventional Electricity)	33.7	2,215	**...**	-26.4	-36.7
Toyota Motor Japan (Automobiles)	121.9	3,440	**...**	11.7	-50.0
Tokio Marine Japan (Property Casualty Insurance)	21.5	2,425	**...**	20.4	-39.1
JFE Hldgs Japan (Iron Steel)	16.7	2,815	**...**	38.0	-43.5
Sumitomo Mitsui Finl Japan (Banks)	31.9	2,815	**...**	-7.7	-75.5

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.08%	-0.03%	1.6%	7.1%	7.5%
Event Driven	0.72	0.58	4.6	14.1	6.5
Equity Long/Short	-0.09	-2.31	0.0	2.7	-5.0

*Estimates as of 11/19/09, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.86	100.67%	0.01%	1.00	0.78	0.86
Eur. High Volatility: 12/1	1.39	98.19	0.01	1.76	1.34	1.45
Europe Crossover: 12/1	5.32	98.74	0.05	6.15	4.87	5.35
Asia ex-Japan IG: 12/1	1.10	99.52	0.01	1.26	0.96	1.10
Japan: 12/1	1.43	97.92	0.01	1.53	0.99	1.28

Note: Data as of November 20

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Acom	436	**-6**	78	-93
Toshiba	178	**-5**	-3	10
All Nippon Awys	329	**-5**	9	71
Shimizu	150	**-4**	10	39
Samsung Electrs	71	**-3**	-2	-2
KT&G	80	**-3**	-2	1
Nippon Paper Inds	90	**-3**	-1	25
Yamaha Mtr	84	**-2**	-1	9
Aeon	141	**-2**	14	41
Shin Han Bk	111	**-2**	-7	1

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Nomura Secs	149	**4**	9	15
Mitsubishi Chem	109	**4**	8	17
Kajima	289	**4**	64	108
Obayashi	193	**5**	13	64
Nomura Hldgs	174	**5**	-2	22
Nippon Sheet Glass	189	**6**	11	-11
Orix	366	**7**	34	-70
Kawasaki Kisen Kaisha	176	**8**	14	49
Promise	1000	**50**	228	-116
Sanyo Shinpan Fin	994	**50**	216	-132

Source: Markit Group

Behind Asia's deals: Bank revenue rankings, Japan

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
Nomura	$913	27.8%	67%	20%	12%	...
Daiwa Securities SMBC Co Ltd	514	15.6	65	27	8	...
Mizuho	446	13.6	33	46	11	10%
Mitsubishi UFJ Securities	296	9.0	24	54	13	10
Citi	155	4.7	34	44	20	2
Goldman Sachs	146	4.5	71	18	11	...
JPMorgan	124	3.8	69	7	24	...
Morgan Stanley	124	3.8	51	29	20	...
UBS	91	2.8	52	8	41	...

Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	**415.00**	8.00	**1.97%**	712.25	315.50
Soybeans (cents/bu.)	CBOT	**1063.00**	17.00	**1.63**	1,315.00	794.00
Wheat (cents/bu.)	CBOT	**598.00**	17.25	**2.97**	1,029.25	459.00
Live cattle (cents/lb.)	CME	**85.675**	0.250	**0.29**	108.600	84.150
Cocoa ($/ton)	ICE-US	**3,298**	-1	**-0.03%**	3,439	1,994
Coffee (cents/lb.)	ICE-US	**138.30**	2.55	**1.88**	188.65	115.00
Sugar (cents/lb.)	ICE-US	**22.28**	-0.19	**-0.85**	26.25	11.91
Cotton (cents/lb.)	ICE-US	**75.25**	1.21	**1.63**	84.00	49.67
Crude palm oil (ringgit/ton)	MDEX	**2,486.00**	67	**2.77**	2,495	2,013
Cocoa (pounds/ton)	LIFFE	**2,191**	-1	**-0.05**	2,250	1,475
Robusta coffee ($/ton)	LIFFE	**1,352**	8	**0.60**	1,955	1,295
Copper (cents/lb.)	COMEX	**319.50**	6.10	**1.95**	365.00	135.50
Gold ($/troy oz.)	COMEX	**1161.60**	15.20	**1.33**	1,173.50	494.00
Silver (cents/troy oz.)	COMEX	**1879.50**	35.50	**1.93**	2,011.50	1,045.00
Aluminum ($/ton)	LME	**2,057.00**	42.00	**2.08**	2,069.00	1,288.00
Tin ($/ton)	LME	**15,000.00**	60.00	**0.40**	15,700.00	9,750.00
Copper ($/ton)	LME	**6,968.00**	213.00	**3.15**	6,968.00	2,815.00
Lead ($/ton)	LME	**2,390.00**	51.00	**2.18**	2,459.50	870.00
Zinc ($/ton)	LME	**2,290.50**	65.50	**2.94**	2,344.00	1,065.00
Nickel ($/ton)	LME	**16,950**	245	**1.47**	21,150	9,175
Crude oil ($/bbl.)	NYMEX	**79.40**	1.93	**2.49**	139.00	47.31
Heating oil ($/gal.)	NYMEX	**2.0440**	0.0310	**1.54**	4.1847	1.3640
RBOB gasoline ($/gal.)	NYMEX	**2.0520**	0.0506	**2.53**	2.7100	1.1525
Natural gas ($/mmBtu)	NYMEX	**4.865**	0.107	**2.25**	12.920	4.560
Brent crude ($/bbl.)	ICE-EU	**78.98**	1.78	**2.31**	108.19	48.19
Gas oil ($/ton)	ICE-EU	**638.00**	16.25	**2.61**	790.00	443.50

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Nov. 23

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.6901	0.1757	3.7988	0.2632
Brazil real	2.5820	0.3873	1.7238	0.5801
Canada dollar	1.5810	0.6325	1.0555	0.9475
1-mo. forward	1.5809	0.6325	1.0554	0.9475
3-mos. forward	1.5809	0.6325	1.0554	0.9475
6-mos. forward	1.5811	0.6325	1.0555	0.9474
Chile peso	736.59	0.001358	491.75	0.002034
Colombia peso	2945.25	0.0003395	1966.25	0.0005086
Ecuador US dollar-f	1.4979	0.6676	1	1
Mexico peso-a	19.4884	0.0513	13.0105	0.0769
Peru sol	4.3020	0.2325	2.8720	0.3482
Uruguay peso-e	30.557	0.0327	20.400	0.0490
U.S. dollar	1.4979	0.6676	1	1
Venezuela bolivar	3.22	0.310903	2.15	0.465701
ASIA-PACIFIC				
Australia dollar	1.6180	0.6180	1.0802	0.9258
China yuan	10.2320	0.0977	6.8309	0.1464
Hong Kong dollar	11.6087	0.0861	7.7500	0.1290
India rupee	69.4651	0.0144	46.3750	0.0216
Indonesia rupiah	14163	0.0000706	9455	0.0001058
Japan yen	133.25	0.007505	88.96	0.011242
1-mo. forward	133.23	0.007506	88.94	0.011243
3-mos. forward	133.19	0.007508	88.92	0.011246
6-mos. forward	133.12	0.007512	88.87	0.011252
Malaysia ringgit-c	5.0562	0.1978	3.3755	0.2963
New Zealand dollar	2.0385	0.4906	1.3609	0.7348
Pakistan rupee	125.150	0.0080	83.550	0.0120
Philippines peso	70.214	0.0142	46.875	0.0213
Singapore dollar	2.0732	0.4824	1.3841	0.7225
South Korea won	1729.34	0.0005783	1154.51	0.0008662
Taiwan dollar	48.277	0.02071	32.230	0.03103
Thailand baht	49.753	0.02010	33.215	0.03011

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.6676	1.4979
1-mo. forward	1.0002	0.9998	0.6677	1.4977
3-mos. forward	1.0006	0.9994	0.6680	1.4970
6-mos. forward	1.0014	0.9986	0.6686	1.4957
Czech Rep. koruna-b	25.878	0.0386	17.276	0.0579
Denmark krone	7.4406	0.1344	4.9674	0.2013
Hungary forint	267.69	0.003736	178.71	0.005596
Norway krone	8.3522	0.1197	5.5760	0.1793
Poland zloty	4.1206	0.2427	2.7510	0.3635
Russia ruble-d	43.122	0.02319	28.789	0.03474
Sweden krona	10.2826	0.0973	6.8647	0.1457
Switzerland franc	1.5112	0.6617	1.0089	0.9912
1-mo. forward	1.5110	0.6618	1.0087	0.9914
3-mos. forward	1.5105	0.6620	1.0084	0.9916
6-mos. forward	1.5097	0.6624	1.0079	0.9922
Turkey lira	2.2416	0.4461	1.4965	0.6682
U.K. pound	0.9017	1.1090	0.6020	1.6612
1-mo. forward	0.9019	1.1087	0.6021	1.6608
3-mos. forward	0.9023	1.1083	0.6024	1.6601
6-mos. forward	0.9028	1.1077	0.6027	1.6592
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5647	1.7709	0.3770	2.6526
Egypt pound-a	8.1710	0.1224	5.4550	0.1833
Israel shekel	5.6478	0.1771	3.7705	0.2652
Jordan dinar	1.0609	0.9426	0.7083	1.4119
Kuwait dinar	0.4273	2.3401	0.2853	3.5052
Lebanon pound	2250.59	0.0004443	1502.50	0.0006656
Saudi Arabia riyal	5.6174	0.1780	3.7502	0.2667
South Africa rand	11.1987	0.0893	7.4763	0.1338
United Arab dirham	5.5018	0.1818	3.6730	0.2723
SDR -f	0.9346	1.0700	0.6239	1.6027

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
45	**ASIA-PACIFIC**	DJ Asia-Pacific	120.40	0.92	**0.77%**	28.6%	49.2%
...	Australia	SPX/ASX 200	4717.0	31.3	**0.67**	26.7	37.7
...	China	CBN 600	29811.23	321.98	**1.09**	101.9	102.4
21	Hong Kong	Hang Seng	22771.39	315.55	**1.41**	58.3	82.8
19	India	Sensex	17180.18	158.33	**0.93**	78.1	93.0
...	Indonesia	Jakarta Composite	2481.416	-5.949	**-0.24%**	83.1	117.4
...	Japan	Nikkei Stock Average	9497.68		**Closed**	7.2	20.1
...		Topix	838.71		**Closed**	-2.4	4.5
...	Malaysia	Kuala Lumpur Composite	1270.88	-3.48	**-0.27**	45.0	48.6
...	New Zealand	NZSX-50	3112.976	-0.653	**-0.02**	14.6	20.9
8	Pakistan	KSE 100	9221.96	-84.40	**-0.91**	57.2	0.4
16	Philippines	Manila Composite	3048.00	-20.73	**-0.68**	62.7	69.4
...	Singapore	Straits Times	2797.88	36.34	**1.32**	58.8	72.7
11	South Korea	Kospi	1619.05	-1.55	**-0.10**	44.0	66.9
21	Taiwan	Weighted	7687.15	4.18	**0.05**	67.4	84.8
10	Thailand	SET	690.41	-4.84	**-0.70**	53.4	78.8
50	**EUROPE**	DJ Stoxx 600	248.37	4.75	**1.95**	26.1	25.8
22		DJ Stoxx 50	2521.23	53.24	**2.16**	22.1	21.5
40	**Euro Zone**	DJ Euro Stoxx	269.64	5.32	**2.01%**	21.0%	24.6%
18		DJ Euro Stoxx 50	2894.22	61.16	**2.16**	18.1	21.6
16	Denmark	OMX Copenhagen	315.37	3.54	**1.14**	39.4	39.1
18	Finland	OMX Helsinki	6347.60	103.12	**1.65**	17.5	17.3
18	France	CAC-40	3813.17	83.81	**2.25**	18.5	20.2
22	Germany	DAX	5801.48	138.33	**2.44**	20.6	27.4
16	Italy	FTSE MIB	22956.44	444.76	**1.98**	18.0	15.4
...	Netherlands	AEX	317.04	7.01	**2.26**	28.9	29.0
...	Russia	RTSI	1466.77	30.33	**2.11**	132.1	134.7
11	Spain	IBEX 35	11940.5	221.2	**1.89**	29.8	38.5
14	Switzerland	SMI	6410.24	132.78	**2.12**	15.8	17.3
...	Turkey	ISE National 100	45801.42	570.47	**1.26**	70.5	89.8
14	U.K.	FTSE 100	5355.50	104.09	**1.98**	20.8	29.0
1	**AMERICAS**	DJ Americas	293.73	5.55	**1.93**	29.9	42.0
...	Brazil	Bovespa	67162.88	835.61	**1.26**	78.9	96.3
...	Argentina	Merval	2264.15	32.65	**1.46**	109.7	151.3
19	Mexico	IPC	31045.76	379.25	**1.24**	38.7	61.2

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	Three-yr., annualized
2.22%	2	**DJ Global Index**	226.26	4.45	**4.45%**	44.1%	2.0%	-5.8%
1.94	20	**Global DOW**	1953.95	18.41	**18.41**	40.5	0.9	-2.1
2.53	97	**Asia/Pacific 600**	111.84	0.75	**0.75**	34.5	0.7	-6.9
1.78	0	**Emerging Markets**	276.62	4.03	**4.03**	107.5	1.5	4.9
2.26	45	**Asia/Pacific**	120.40	0.92	**0.92**	49.2	0.8	-4.6
2.50	18	**Asia/Pacific ex-Japan**	311.35	3.87	**3.87**	100.8	1.3	1.9
2.73	25	**Southeast Asia**	153.89	0.81	**0.81**	93.0	0.5	3.1
0.81	35	**CBN China 600** -c	29811.23	321.98	**321.98**	102.4	1.1	32.7
0.84	37	**Shanghai**	397.94	4.50	**4.50**	101.9	1.1	32.3
0.57	57	**Shenzhen**	425.41	5.43	**5.43**	131.2	1.3	39.0
2.12	21	**China Offshore 50**	4285.76	73.38	**73.38**	97.6	1.7	13.4
9.02	10	**Australia LPT** -c, d	1138.61	-4.64	**-4.64**	6.9	-0.4	-20.8

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	Three-yr., annualized
2.19%	14	**Islamic Market**	1955.53	38.70	**38.70%**	43.3%	2.0%	-1.5%
2.50	15	**Islamic Market 100**	2115.81	41.81	**41.81**	28.8	2.0	-2.2
9.78	20	**Bahrain**	120.65	-0.18	**-0.18**	-27.4	-0.1	-12.8
2.94	30	**Kuwait**	190.33	-2.98	**-2.98**	-22.7	-1.5	-16.7
2.66	19	**Sustainability**	1023.00	24.94	**24.94**	43.8	2.5	-6.2
2.81	50	**Stoxx 600 -p**	270.13	-2.32	**-2.32**	58.7	-0.8	-7.8
4.95	13	**Stoxx Select Div 30 -p**	1802.32	-15.67	**-15.67**	52.6	-0.9	-19.3
4.20	16	**Euro Stoxx Sel Div 30 -p**	2140.87	-22.31	**-22.31**	68.1	-1.0	-14.8
1.80	29	**DJ U.S. TSM**	11377.82	203.68	**203.68**	34.8	1.8	-7.1
4.14	15	**U.S. Select Dividend -d**	637.90	12.83	**12.83**	13.9	2.0	-10.0
4.76		**U.S. REIT**	139.60	3.29	**3.29**	37.3	2.4	-19.7
		DJ-UBS Commodity -p	134.90	0.19	**0.19**	14.6	0.1	-7.0

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.080	0.602	1.055	6.831	0.668	7.750	46.375	9454.48	88.955	1.361	1154.51	3.375	46.875	1.384	1.009	32.230	33.215
Australia	0.926		0.557	0.977	6.324	0.618	7.175	42.932	8752.48	82.350	1.260	1068.79	3.125	43.395	1.281	0.934	29.837	30.749
Britain	1.661	1.794		1.753	11.347	1.109	12.874	77.038	15705.78	147.772	2.261	1917.87	5.607	77.869	2.299	1.676	53.540	55.177
Canada	0.947	1.023	0.570		6.472	0.633	7.343	43.939	8957.77	84.282	1.289	1093.85	3.198	44.412	1.311	0.956	30.537	31.470
China	0.1464	0.158	0.088	0.155		0.098	1.135	6.789	1384.07	13.022	0.199	169.01	0.494	6.862	0.203	0.148	4.718	4.862
Euro	1.498	1.618	0.902	1.581	10.232		11.609	69.465	14161.86	133.246	2.039	1729.34	5.056	70.214	2.073	1.511	48.277	49.753
Hong Kong	0.129	0.139	0.078	0.136	0.881	0.086		5.984	1219.93	11.478	0.176	148.97	0.436	6.048	0.179	0.130	4.159	4.286
India	0.0216	0.0233	0.0130	0.0228	0.1473	0.0144	0.1671		203.87	1.9182	0.0293	24.90	0.0728	1.0108	0.0298	0.0218	0.6950	0.7162
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0049		0.0094	0.0001	0.12	0.0004	0.0050	0.0001	0.0001	0.0034	0.0035
Japan	0.011	0.012	0.007	0.012	0.077	0.008	0.087	0.521	106.28		0.015	12.98	0.038	0.527	0.016	0.011	0.362	0.373
New Zealand	0.735	0.794	0.442	0.776	5.019	0.491	5.695	34.076	6947.15	65.364		848.33	2.480	34.444	1.017	0.741	23.683	24.406
South Korea	0.0009	0.0009	0.0005	0.0009	0.0059	0.0006	0.0067	0.0402	8.19	0.0771	0.0012		0.0029	0.0406	0.0012	0.0009	0.0279	0.0288
Malaysia	0.296	0.320	0.178	0.313	2.024	0.198	2.296	13.739	2800.91	26.353	0.403	342.03		13.887	0.410	0.299	9.548	9.840
Philippines	0.021	0.023	0.013	0.023	0.146	0.014	0.165	0.989	201.70	1.898	0.029	24.63	0.072		0.030	0.022	0.688	0.709
Singapore	0.723	0.780	0.435	0.763	4.935	0.482	5.600	33.507	6831.02	64.272	0.983	834.15	2.439	33.868		0.729	23.287	23.998
Switzerland	0.991	1.071	0.597	1.046	6.771	0.662	7.682	45.966	9371.07	88.170	1.349	1144.32	3.346	46.461	1.372		31.946	32.922
Taiwan	0.031	0.034	0.019	0.033	0.212	0.021	0.240	1.439	293.34	2.760	0.042	35.82	0.105	1.454	0.043	0.031		1.031
Thailand	0.030	0.033	0.018	0.032	0.206	0.020	0.233	1.396	284.64	2.678	0.041	34.76	0.102	1.411	0.042	0.030	0.970	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of November. 23, 2009

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.50%	23	**ALL COUNTRY (AC) WORLD***	293.40	-0.52%	**28.9%**	24.3%
2.60	24	**World (Developed Markets)**	1,145.72	-0.54	**24.5**	19.7
1.90	1638	**World Small Cap**	183.22	-0.45	**36.5**	32.0
2.70	20	**Kokusai (World ex-Japan)**	1,139.58	-0.58	**27.7**	21.2
3.10	25	**EAFE**	1,556.43	-0.76	**25.8**	25.6
2.30	19	**Emerging Markets (EM)**	965.08	-0.35	**70.2**	69.2
2.70	24	**AC ASIA PACIFIC EX-JAPAN**	407.34	-0.74	**64.7**	67.2
2.20	25	**AC Far East ex-Japan**	440.58	-0.65	**61.6**	67.7
1.30	-40	**Japan**	521.49	0.05	**-1.6**	-3.2
2.10	20	**China**	65.78	-0.91	**61.3**	85.9
0.90	37	**China A (China Domestic)**	3,444.25	-0.25	**98.6**	119.9
2.60	23	**Hong Kong**	10,079.16	-0.84	**53.8**	57.5
1.00	19	**India**	687.03	1.23	**86.1**	79.5
0.90	24	**Korea**	462.75	-0.10	**50.8**	46.3
2.60	21	**Malaysia**	472.20	-0.17	**47.0**	49.2
3.30	16	**Singapore**	1,547.28	0.29	**55.2**	55.0
2.70	377	**Taiwan**	278.11	-1.22	**60.4**	49.5
3.10	19	**Thailand**	283.21	-0.80	**53.0**	65.6
4.10	22	**Australia**	963.44	-1.43	**25.9**	16.2
5.10	17	**New Zealand**	85.73	-1.37	**12.9**	9.3
1.90	32	**US BROAD MARKET**	1,201.89	-0.34	**22.3**	14.1
3.50	17	**EUROPE**	84.73	-0.79	**22.0**	8.6

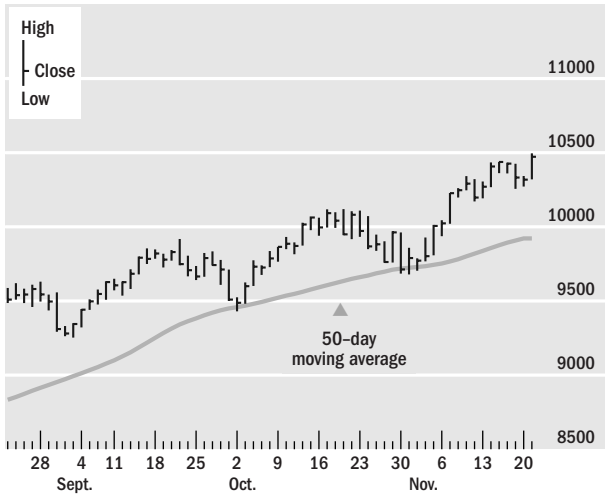
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

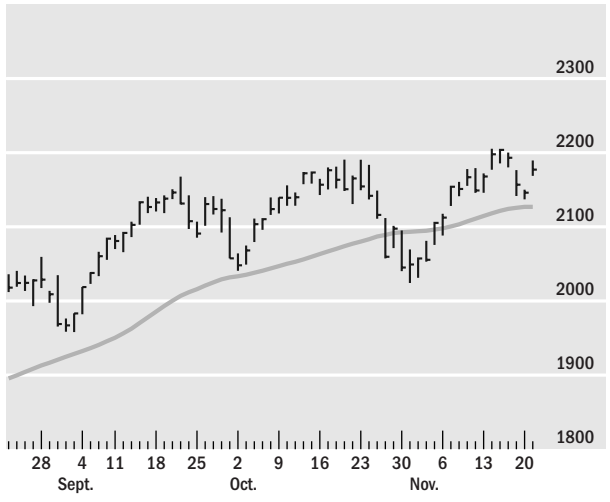
Dow Jones Industrial Average P/E: 18

LAST: **10472.41** ▲ 154.25, or 1.49%
YEAR TO DATE: ▲ **1,696.02, or 19.3%**
OVER 52 WEEKS ▲ **2,029.02, or 24.0%**



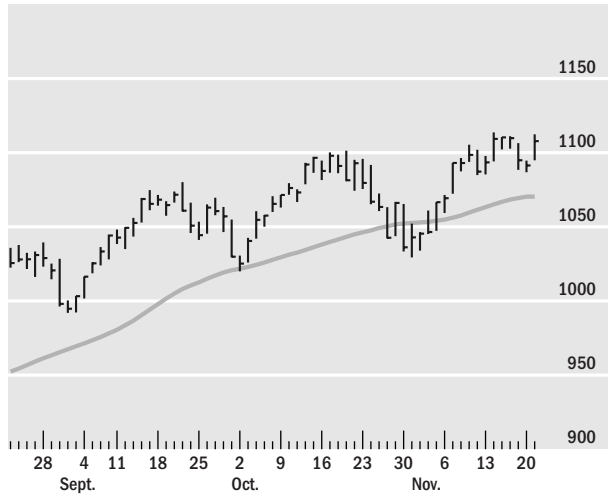
Nasdaq Composite Index P/E: 44*

LAST: **2177.16** ▲ 31.12, or 1.45%
YEAR TO DATE: ▲ **600.13, or 38.1%**
OVER 52 WEEKS ▲ **705.14, or 47.9%**



S&P 500 Index P/E: 71

LAST: **1107.79** ▲ 16.41, or 1.50%
YEAR TO DATE: ▲ **204.54, or 22.6%**
OVER 52 WEEKS ▲ **255.98, or 30.1%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**17.60**	$26.27	0.25	**0.96%**
Alcoa	AA	**11.30**	13.15	0.02	**0.15**
AmExpress	AXP	**5.60**	41.68	0.75	**1.83**
BankAm	BAC	**73.40**	16.35	0.26	**1.62**
Boeing	BA	**1.40**	52.71	1.01	**1.95**
Caterpillar	CAT	**4.30**	59.15	1.20	**2.07**
Chevron	CVX	**4.20**	78.88	2.11	**2.75**
CiscoSys	CSCO	**13.20**	23.84	0.38	**1.62**
CocaCola	KO	**4.30**	58.24	0.76	**1.32**
Disney	DIS	**3.30**	30.56	0.55	**1.84**
DuPont	DD	**2.50**	34.88	0.37	**1.07**
ExxonMobil	XOM	**8.10**	75.78	1.40	**1.88**
GenElec	GE	**29.60**	15.95	0.36	**2.30**
HewlettPk	HPQ	**5.30**	50.80	0.76	**1.52**
HomeDpt	HD	**7.80**	27.32	0.14	**0.52**
Intel	INTC	**18.60**	19.39	0.15	**0.79**
IBM	IBM	**2.70**	128.16	1.20	**0.95**
JPMorgChas	JPM	**14.80**	43.32	0.86	**2.03**
JohnsJohns	JNJ	**5.50**	62.55	0.24	**0.39**
KftFoods	KFT	**5.10**	27.41	0.24	**0.88**
McDonalds	MCD	**3.00**	63.97	0.00	**0.00**
Merck	MRK	**8.40**	36.33	-0.13	**-0.36**
Microsoft	MSFT	**21.90**	29.88	0.26	**0.88**
Pfizer	PFE	**31.60**	18.61	0.25	**1.36**
ProctGamb	PG	**5.10**	62.78	0.98	**1.59**
3M	MMM	**1.30**	77.25	0.61	**0.80**
TravelersCos	TRV	**1.30**	53.12	0.74	**1.41**
UnitedTech	UTX	**1.40**	68.61	0.64	**0.94**
Verizon	VZ	**7.40**	30.96	0.53	**1.74**
WalMart	WMT	**5.10**	54.71	0.43	**0.79**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**110.0**	$4.26	$0.06	**1.43%**
BankAm	BAC	**75.0**	16.34	0.25	**1.55**
SPDR S&P 500	SPY	**74.5**	111.07	1.64	**1.50**
PwrShrs QQQ	QQQQ	**43.8**	44.08	0.64	**1.47**
SPDR FnclSelSct	XLF	**37.6**	14.84	0.24	**1.64**
Pfizer	PFE	**35.8**	18.61	0.25	**1.36**
iShrRu2000	IWM	**32.6**	59.75	1.16	**1.98**
iShrMSCIEmrgMkt	EEM	**32.5**	41.55	0.90	**2.21**
DrxFinancBear 3x	FAZ	**30.9**	19.12	-0.87	**-4.35**
GenElec	GE	**30.0**	15.94	0.35	**2.25**
FordMotor	F	**28.1**	8.69	0.05	**0.58**
SprintNextel	S	**25.9**	3.93	0.17	**4.52**
Microsoft	MSFT	**23.0**	29.87	0.25	**0.85**
Dell	DELL	**21.5**	14.64	0.35	**2.45**
LasVegasSands	LVS	**21.2**	16.09	-0.26	**-1.59**

Biggest gainers...

OriginAgrtch	SEED	**16,919.7**	$9.28	$4.07	**78.12%**
ARCA biophrm	ABIO	**1,117.6**	3.96	1.71	**76.00**
iBasis	IBAS	**2,720.6**	2.98	0.72	**31.86**
FnlFed	FIF	**3,890.6**	26.79	6.24	**30.36**
Zions pfA	ZB+A	**1,058.5**	12.97	2.52	**24.11**

...Biggest losers

UltimEscape	UEI	**5.0**	$5.10	-$1.00	**-16.39%**
GeoglblRes	GGR	**626.0**	2.29	-0.43	**-15.81**
EmpireRsrts	NYNY	**427.5**	2.57	-0.44	**-14.62**
CmwlthBksh	CWBS	**26.7**	2.62	-0.44	**-14.38**
TTI Team	TTIL	**654.2**	1.88	-0.28	**-12.96**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.39	$5.53	**Taiwan Semi**	TSM	**3,123.1**	$10.52	0.13	**1.25%**
76.49	24.53	**BHP Billiton**	BHP	**1,669.5**	75.14	1.78	**2.43**
3.87	1.62	**Utd Microelectronics**	UMC	**1,062.1**	3.57	0.04	**1.13**
18.80	12.59	**SK Telecom**	SKM	**883.9**	17.37	0.20	**1.16**
8.19	3.14	**Siliconware Prec Ind**	SPIL	**779.1**	6.96	0.05	**0.72**
11.73	4.78	**AU Optrncs**	AUO	**755.9**	9.96	0.12	**1.22**
15.95	8.56	**China Unicom**	CHU	**732.9**	13.86	0.29	**2.14**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**730.8**	5.31	0.00	**0.02**
59.22	38.51	**China Mobile**	CHL	**704.3**	49.72	0.25	**0.51**
30.82	15.64	**Sony**	SNE	**681.2**	27.24	0.44	**1.64**
15.29	6.85	**Korea Elec Pwr**	KEP	**608.7**	14.49	0.45	**3.21**
77.17	33.93	**China Life Ins**	LFC	**407.7**	76.73	2.40	**3.23**
52.68	21.10	**Infosys Tech**	INFY	**362.5**	52.17	0.94	**1.83**
32.79	8.11	**Aluminum Cp of China**	ACH	**288.7**	28.20	0.60	**2.17**
9.50	3.96	**Nomura Hldgs**	NMR	**265.1**	6.89	0.05	**0.73**
135.92	63.62	**PetroChina**	PTR	**256.1**	128.70	1.00	**0.78**
167.15	60.57	**CNOOC**	CEO	**243.3**	162.10	1.53	**0.95**
20.17	4.05	**Yanzhou Coal Mining**	YZC	**238.5**	19.94	0.66	**3.43**
19.56	15.05	**ChunghwaTel**	CHT	**225.7**	18.02	0.13	**0.73**
4.63	1.36	**Adv Semi Engrg**	ASX	**212.9**	4.23	0.05	**1.20**
94.00	46.45	**China Petro & Chem**	SNP	**205.7**	87.00	0.67	**0.78**
87.67	55.41	**Toyota Motor**	TM	**147.7**	77.37	0.40	**0.52**
150.50	42.35	**POSCO**	PKX	**132.6**	122.26	3.30	**2.77**
38.82	16.57	**Telekom Indonesia**	TLK	**129.0**	38.31	0.00	**0**
56.41	29.81	**ChinaTele**	CHA	**123.0**	45.06	-0.13	**-0.29**
17.66	9.94	**KT Corp**	KTC	**113.0**	17.25	0.24	**1.41**
7.10	2.00	**Alumina**	AWC	**106.6**	6.28	0.30	**5.02**
27.96	17.71	**NTT**	NTT	**90.5**	20.54	0.12	**0.59**
32.99	17.35	**Honda Motor**	HMC	**87.2**	30.71	0.14	**0.46**
10.14	1.93	**City Telecom**	CTEL	**81.2**	10.10	0.81	**8.72**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

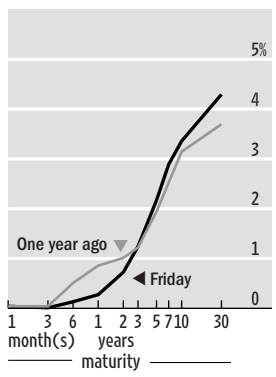
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.457%**	**371.8**	372.7	390.9	**204.4**	**4.450%**	4.925%	**3.161%**
4.500	10	**5.415**	**202.9**	207.7	230.7	**142.8**	**5.445**	5.793	**4.635**
5.250	**Austria** 2	**0.960**	**22.1**	22.8	2.7	**114.2**	**0.951**	1.043	**2.259**
4.350	10	**3.640**	**25.4**	26.6	20.1	**78.9**	**3.634**	3.687	**3.996**
3.500	**Belgium** 2	**1.112**	**37.3**	36.8	18.4	**143.7**	**1.091**	1.200	**2.554**
4.000	10	**3.657**	**27.1**	27.7	23.1	**86.3**	**3.645**	3.717	**4.070**
1.250	**Canada** 2	**1.260**	**52.1**	51.7	33.7	**69.5**	**1.240**	1.353	**1.812**
3.750	10	**3.390**	**0.4**	-0.4	2.1	**26.3**	**3.364**	3.507	**3.470**
4.000	**Denmark** 2	**2.170**	**143.1**	144.8	140.0	**236.4**	**2.171**	2.416	**3.481**
4.000	10	**3.644**	**25.8**	26.0	21.8	**68.9**	**3.628**	3.704	**3.896**
1.500	**France** 2	**1.280**	**54.1**	55.0	42.4	**133.6**	**1.273**	1.440	**2.453**
3.750	10	**3.553**	**16.7**	16.8	14.0	**61.3**	**3.536**	3.626	**3.820**
1.250	**Germany** 2	**1.349**	**61.0**	61.5	36.9	**102.0**	**1.338**	1.385	**2.137**
3.250	10	**3.271**	**-11.5**	-11.9	-14.8	**19.3**	**3.249**	3.338	**3.400**
0.550	**Hong Kong** 2	**0.554**	**-18.5**	-17.9	-48.6	**-39.6**	**0.544**	0.530	**0.721**
2.640	10	**2.326**	**-106.0**	-106.5	-117.5	**-181.3**	**2.303**	2.311	**1.394**
3.750	**Italy** 2	**1.551**	**81.2**	82.3	60.5	**207.7**	**1.546**	1.621	**3.194**
4.250	10	**4.058**	**67.2**	68.7	57.1	**125.6**	**4.055**	4.057	**4.463**
0.300	**Japan** 2	**0.250**	**-48.9**	-47.3	-73.6	**-60.7**	**0.250**	0.280	**0.510**
1.300	10	**1.315**	**-207.1**	-205.3	-213.6	**-179.7**	**1.315**	1.350	**1.410**
4.000	**Netherlands** 2	**0.945**	**20.6**	17.8	1.3	**115.0**	**0.901**	1.029	**2.267**
4.000	10	**3.523**	**13.7**	14.2	12.8	**56.0**	**3.510**	3.614	**3.767**
3.200	**Portugal** 2	**1.212**	**47.3**	45.3	29.8	**179.8**	**1.176**	1.314	**2.915**
4.750	10	**3.806**	**42.0**	42.6	40.8	**90.9**	**3.794**	3.894	**4.116**
5.350	**Spain** 2	**1.386**	**64.7**	65.0	51.8	**152.7**	**1.373**	1.534	**2.644**
4.300	10	**3.839**	**45.3**	47.4	38.3	**70.7**	**3.842**	3.869	**3.914**
4.000	**Switzerland** 2	**0.469**	**-27.0**	-27.3	-45.7	**7.0**	**0.450**	0.559	**1.187**
3.000	10	**1.982**	**-140.4**	-136.9	-134.0	**-108.0**	**1.999**	2.146	**2.127**
3.250	**U.K.** 2	**1.255**	**51.6**	52.9	-10.0	**86.2**	**1.252**	0.916	**1.979**
4.500	10	**3.667**	**28.1**	26.7	18.7	**68.0**	**3.635**	3.673	**3.887**
1.000	**U.S.** 2	**0.739**	**...**	...	...	**...**	**0.723**	1.016	**1.117**
3.375	10	**3.386**	**...**	...	...	**...**	**3.368**	3.486	**3.207**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.295%**	16.70	-0.60%	-3.29%	-21.65%	-6.17%
10-year Treasury	**3.358**	8.42	0.50	0.12	-6.05	1.50
7 Year Treasury	**2.890**	6.20	0.78	0.89	...	...
Five-year Treasury	**2.171**	4.64	0.83	1.23	1.20	4.02
Ryan Index	**2.447**	6.80	0.44	0.13	-4.28	1.77
3 Year Treasury	**1.241**	2.92	0.73	1.06	2.14	3.20
Two-year Treasury	**0.724**	1.92	0.40	0.70	1.84	2.72
1 Year Treasury	**0.274**	0.99	0.16	0.27	1.03	1.64
Six-month Treasury	**0.132**	0.50	0.04	0.07	0.64	1.01
Ryan Cash Index-a	**0.114**	0.45	0.06	0.10	0.54	0.79
Three-month bill	**0.010**	0.25	0.03	0.05	0.36	0.39
One-month bill	**0.041**	0.07	...	0.01	0.14	0.14

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	4.00%
Canada	**2.25**	4.00
Japan	**1.475**	1.675
Britain	**0.50**	3.00
ECB	**1.00**	3.25
Switzerland	**0.52**	2.06
Australia	**3.50**	5.25
Hong Kong	**5.20**	n.a.
Libor		
One month	**0.23594%**	1.41125%
Three month	**0.26188**	2.16875
Six month	**0.48563**	2.57500
One year	**1.02000**	2.75875

	Latest	52 wks ago
Euro Libor		
One month	**0.40375%**	3.46875%
Three month	**0.67563**	3.97375
Six month	**0.97625**	4.02125
One year	**1.22000**	4.08000
Hibor		
One month	**0.06821**	0.90357%
Three month	**0.12036**	1.95071
Six month	**0.30786**	2.25143
One year	**0.58786**	2.45000
Asian dollars		
One month	**0.2433%**	1.40%
Three month	**0.2733**	2.1360
Six month	**0.4963**	2.5340
One year	**1.0425**	2.6980

	Offer	Bid
Eurodollars		
One month	**0.2800%**	0.1800%
Three month	**0.3800**	0.2800
Six month	**0.6000**	0.5000
One year	**1.5000**	0.7500

	Latest	52 wks ago
U.S. discount	**0.50%**	1.25%
Fed-funds target	**0.25**	1.00
Call money	**2.00**	2.75
Overnight repurchase rates		
U.S.	**0.18%**	0.58%
U.K. (BBA)	**0.482**	2.558
Euro zone	**0.35**	2.83

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Monday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average
Japan 9497.68
Market Closed

The index ended Friday below 9500 for the first time since July 17. The Nikkei is likely to stay weak while investors await more trading cues on exporters.

Stock	Volume in millions	Change Friday	Change Net	Change %
Mizuho Financial	**184.13**	158	3	1.94
NEC	**96.31**	215	unch	...
Mtshbsh Fin Grp	**92.44**	471	5	1.07
Toshiba	**60.44**	451	–10	–2.17
M'bishi Rayon	**56.27**	368	17	4.84

Hang Seng
Hong Kong 22771.39
▲ 1.41% or 315.55

Bargain hunting in financial companies sent the index higher, ending a four-session losing streak. China Construction Bank gained 4.1%, while Bank of China rose 1.9%.

Stock	Volume in millions	Change Close	Change Net	Change %
Bank Of China	**259.90**	4.81	0.09	1.91
Icbc	**221.24**	6.97	0.22	3.26
CCB	**189.16**	7.40	0.29	4.08
ChinaPetroChem	**104.66**	6.69	0.01	0.15
CNOOC	**50.72**	12.54	–0.02	–0.16

Straits-Times
Singapore 2797.88
▲ 1.32% or 36.34

The index ended at a new high for the year, led by banks and rig builders. DBS advanced 2.2% after a ratings upgrade by BNP Paribas. Keppel Corp. rose 2.6% on contract news.

Stock	Volume in millions	Change Close	Change Net	Change %
Golden Agri	**73.47**	0.48	0.01	2.13
Genting Spore	**21.07**	1.09	unch	...
Sing Telecom	**17.31**	2.93	0.01	0.34
CapitaLand	**16.13**	4.15	0.06	1.47
Noble Grp	**13.17**	2.88	0.08	2.86

CBN 600
China 29811.23
▲ 1.09% or 321.98

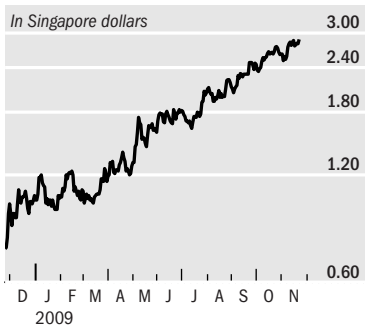
Metals and coal producers led shares higher due to a continued rise in the prices of resources. Shandong Gold-Mining ended 4.4% higher, while Jiangxi Coppper rose 2.7%.

Stock	Volume in millions	Change Close	Change Net	Change %
China State Con	**335.50**	5.00	0.02	0.40
Zijin Mining	**219.39**	10.15	0.22	2.22
ChinaMinshengBkg	**213.39**	8.42	unch	...
United Network	**188.29**	6.76	0.01	0.15
ChinaVankeCoA	**180.25**	12.19	–0.07	–0.57

Asian stocks in the news

Noble Grp
Singapore S$2.88
▲ 2.9% or S$0.08

Rising oil prices boosted the shares on hopes of higher demand for alternative fuels.

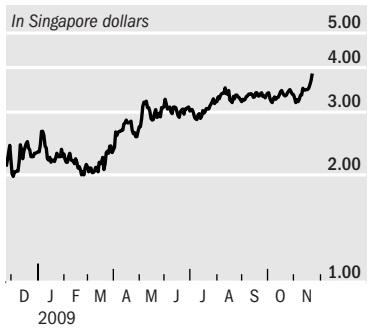


	Price-to-earnings ratio	11
	Earnings per share, past four quarters	0.26
	Dividend yield	2.4

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**0.5%**	-1.9%	57.8%
Noble Grp	**2.9%**	0.7%	286.6%

SembCorp Inds
Singapore S$3.85
▲ 4.6% or S$0.17

The company announced a joint venture to build a $1 billion water and power plant in Oman.

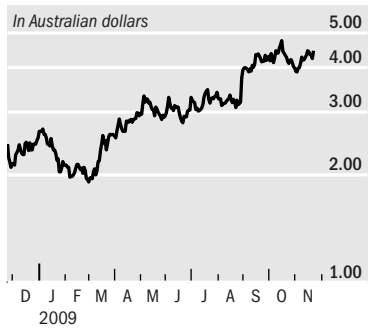


	Price-to-earnings ratio	13
	Earnings per share, past four quarters	0.29
	Dividend yield	2.9

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**0.5%**	-1.9%	57.8%
SembCorp Inds	**4.6%**	11.0%	82.5%

Harvey Norman Hldgs
Australia A$4.46
▲ 5.2% or A$0.22

The retailer said it expects stronger sales to boost its pretax earnings by more than 40% on year.

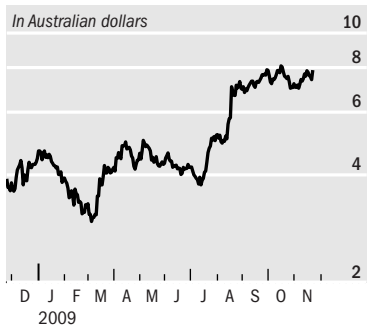


	Price-to-earnings ratio	22
	Earnings per share, past four quarters	0.20
	Dividend yield	1.3

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Retail	**0.9%**	-1.2%	35.7%
Harvey Norman Hldgs	**5.2%**	...	82.8%

James Hardie Inds
Australia A$7.87
▲ 6.4% or A$0.47

The home-siding maker posted stronger-than-expected second-quarter net operating profit.

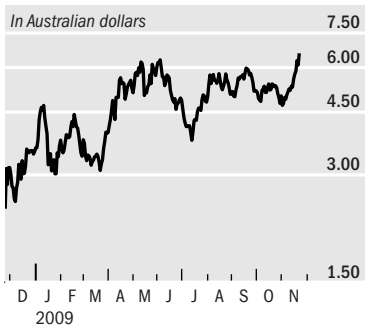


	Price-to-earnings ratio	58
	Earnings per share, past four quarters	0.14
	Dividend yield	none

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Constructn & Matl	**0.9%**	-1.4%	52.2%
James Hardie Inds	**6.4%**	0.4%	101.8%

Aquarius Platinum
Australia A$6.58
▲ 7.9% or A$0.48

Aquarius Platinum: Shares climbed as gold prices hit a new high.

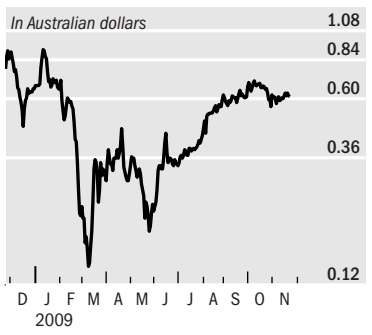


	Price-to-earnings ratio	none
	Earnings per share, past four quarters	-0.16
	Dividend yield	none

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**1.9%**	-0.3%	104.7%
Aquarius Platinum	**7.9%**	18.1%	172.9%

Goodman Group
Australia A$0.61
▼ 0.8% or A$0.01

Media reports said the company's chairman could be expelled from the board due to investor anger.

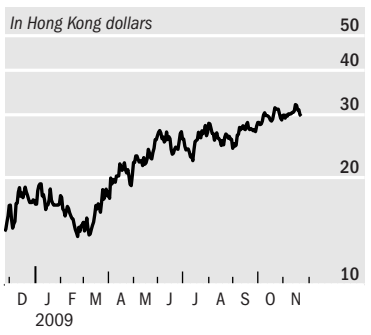


	Price-to-earnings ratio	none
	Earnings per share, past four quarters	-0.45
	Dividend yield	none

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**0.7%**	-2.4%	67.7%
Goodman Group	**-0.8%**	-0.8%	-21.4%

Hang Lung Prop
Hong Kong HK$29.75
▼ 0.8% or HK$0.25

Shares fell on continued profit-taking.

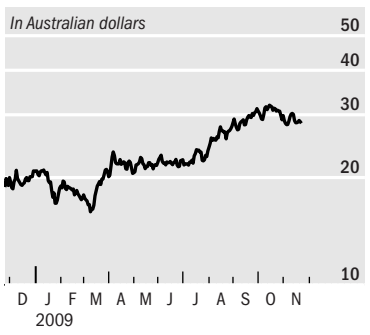


	Price-to-earnings ratio	30
	Earnings per share, past four quarters	1.00
	Dividend yield	2.2

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**0.7%**	-2.4%	67.7%
Hang Lung Prop	**-0.8%**	-7.2%	110.7%

National Australia Bk
Australia A$28.40
▼ 1.0% or A$0.29

Selling was caused by its dividend reinvestment plan pricing period, which continues until Friday.

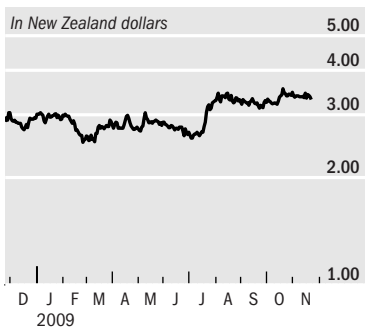


	Price-to-earnings ratio	11
	Earnings per share, past four quarters	2.63
	Dividend yield	2.6

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Banks	**1.3%**	-1.4%	59.6%
National Australia Bk	**-1.0%**	-0.4%	51.1%

Sky City Entertain Grp
New Zealand NZD3.31
▼ 1.8% or NZD0.06

Shares fell on profit-taking after a recent run-up in price.



	Price-to-earnings ratio	14
	Earnings per share, past four quarters	0.23
	Dividend yield	4.7

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Travel & Leisure	**0.4%**	-0.2%	12.8%
Sky City Entertain Grp	**-1.8%**	-4.1%	15.4%

Telecom of NZ
New Zealand NZD2.48
▼ 3.1% or NZD0.08

Investors who had bought the stock for its dividend sold it after the payout was made.

	Price-to-earnings ratio	11
	Earnings per share, past four quarters	0.22
	Dividend yield	9.7

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Telecommunications	**0.1%**	-0.7%	12.8%
Telecom of NZ	**-3.1%**	-3.1%	12.7%

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

BBVA's faith in China is paying off

It pays to stay put in China. Just ask BBVA.

The Spanish bank held on to its stake in **China Citic Bank Corp.** even as several other foreign banks sold some or all of their stakes in Chinese banks this year to plug holes in their battered balance sheets.

Now **Banco Bilbao Vizcaya Argentaria** is mulling exercising an option to raise its stake in Citic Bank to 15% from 10%. The move could cost around $1.6 billion.

BBVA has already seen a decent rise in the value of its stake in China Citic. it took a 5% share of China's seventh-largest bank by assets in 2006, doubling that in 2008. BBVA paid €500 million ($743.1 million) for the original 5% stake, which is now worth twice as much.

Contrast this fortune with the likes of Royal Bank of Scotland and UBS, which have had to sell their stakes in Bank of China in the past 12 months. Certainly, the banks made a healthy profit on their initial investment. But Bank of China's share price has more than doubled since both banks sold their stakes.

Nor will it be easy for them to re-enter China.

China's attitude to foreign stake purchases in its banks has hardened since the financial crisis forced many Western banks to quit at the earliest opportunity. **Agricultural Bank of China**, the only one of China's major banks yet to list its shares publicly, has made it clear it will be very choosy before bringing in a foreign strategic investor ahead of any initial public offering.

BBVA's stake in China Citic Bank is still a work in progress, but some synergies could soon pay off. BBVA's network in South America is valuable to Chinese companies looking to expand there, for example. Joint ventures with Citic Bank in private banking and auto-loan financing could prove profitable.

Most foreign banks that entered China in the middle of this decade spoke of their long-term commitment to the country. Those that meant it are beginning to see the rewards.

—Andrew People

Bloomberg News photo

Selling out

Sales of stakes in major Chinese banks by foreign banks

Seller	Chinese bank	Amount raised, in billions	Date
Bank of America	China Construction Bank	$2.84	Jan. 7, 2009
Royal Bank of Scotland	Bank of China	2.38	Jan. 13, 2009
American Express/Allianz	ICBC	1.92	April 28, 2009
Goldman Sachs	ICBC	1.91	June 1, 2009
UBS	Bank of China	0.84	Dec. 31, 2008

Sources: Dealogic; Bloomberg News (photo)

OVERHEARD

Britain might be printing money faster than anybody to prop up its flagging economy, but there's actually more gold in London than in Beijing. Unfortunately for the Bank of England, most of this ultrahard currency belongs to other people, maybe even you.

Shares in the **SPDR Gold Trust** exchange-traded fund (ticker: GLD) have been on a tear as the price of the metal it tracks continues to hit record highs. Each new GLD share is backed by bullion residing in the fund's London vault, which now holds 1,117.5 metric tons. That's more than the 1,054 metric tons held by China, according to the World Gold Council.

Still, GLD's London vault pales in comparison with the location holding roughly half the U.S. reserve of 8,133.5 metric tons: Fort Knox, which remains the gold standard of, well, gold.

—overheard@wsj.com

Banks walking a fine line with short-term debt

Despite all the efforts to make banks safer, one side of their balance sheets actually has gotten more dangerous.

Financial firms always need to avoid becoming over-reliant on shorter-term borrowings to fund loans. Such dependence can cause havoc when interest rates rise sharply or credit markets freeze up.

Yet Moody's Investors Service research shows that the average maturity of U.S. banks' wholesale debt has fallen to 3.8 years, from 5.8 years in 2006 and 7.8 years in 2002. These banks face $2 trillion of wholesale debt maturities through 2015, but about three-quarters of this amount comes due by the end of 2012.

Regulators have stress-tested assets, but little has been done to reduce risks in bank liabilities, says Mike Mayo of Calyon Securities.

One reason debt maturities have shortened is that banks took advantage of the credit bubble to sell more short-term debt. But regulators themselves have contributed, by setting up the Temporary Liquidity Guarantee Program.

Launched in the crisis to alleviate funding pressures, this program allowed banks to sell about $600 billion of ultracheap government-backed debt that matures by 2012.

Of course, interest rates likely are to stay low for a long time, making it easier for banks to refinance. But even in a stable interest-rate environment there could be pain.

Regulators likely are to pressure banks into lengthening debt maturities. Mr. Mayo estimates that increasing use of more-expensive, long-term borrowings could reduce future bank earnings by at least 15%.

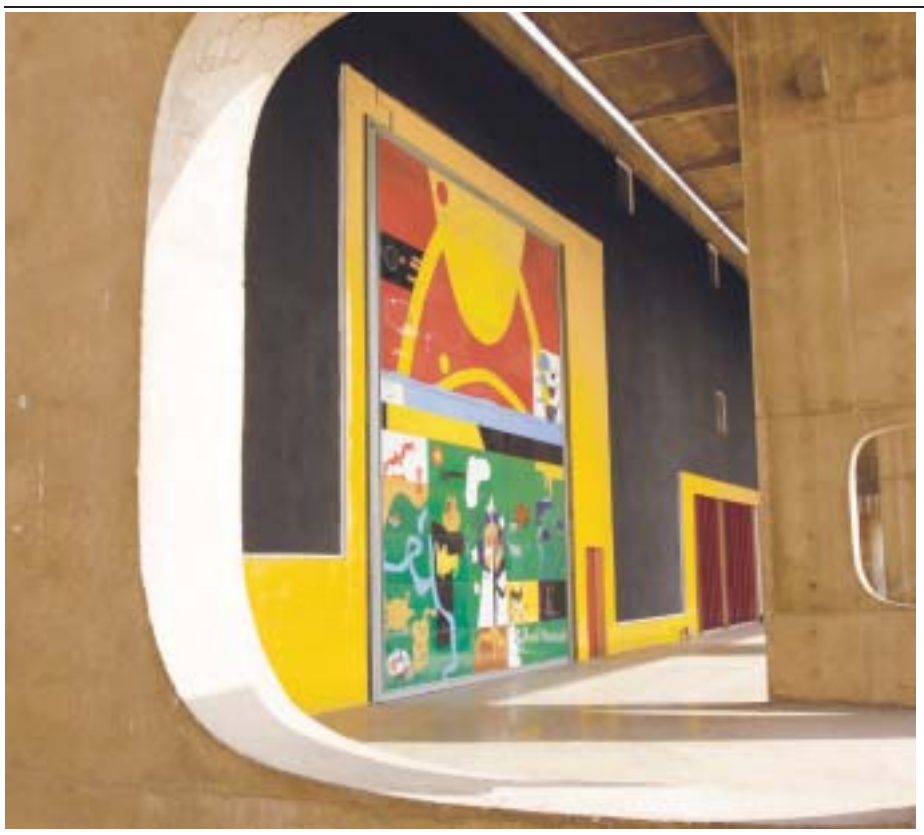
A nastier scenario would be one where interest rates rise quickly.

As well as driving up the cost of short-term debt, it would make it harder to sell longer-term bonds.

And a rise in rates could simultaneouslywhack bank-loan portfolios. Many loans are only current right now because borrowers have floating interest rates that cost little.

All the cheap money thrown around in the crisis could yet get costly.

—Peter Eavis



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